

## **PUBLIC DISCLOSURE**

**August 31, 2015**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First Florida Bank  
2000 Ninety-Eight Palms Blvd  
Destin, Florida 32541**

**RSSD ID NUMBER: 3525577**

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

Major factors supporting the institution's rating include:

- A majority of loans were made in the assessment area.
- The bank's loan-to-deposit (LTD) ratio is reasonable.
- The geographic distribution of loans reflects reasonable dispersion throughout the bank's assessment area.
- The distribution of borrowers reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.

**SCOPE OF EXAMINATION**

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment area. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net LTD Ratio
- Lending Inside the Assessment Area
- Lending to Borrowers of Different Incomes and Businesses of Different Sizes
- Geographic Distribution of Loans
- The bank's responsiveness to complaints it has received regarding its CRA activities, if applicable

The bank's assessment area includes a portion of the Crestview-Fort Walton Beach-Destin, Florida MSA (Metropolitan Statistical Area). This report will refer to the assessment area as Destin or the Destin assessment area; a full-scope review was conducted.

The performance criterion for reviewing complaints was not evaluated because the bank did not receive any CRA-related complaints during the review period. The evaluation included an analysis of HMDA reportable loans and commercial loans originated between January 1, 2013 and December 31, 2014. Residential real estate loans represent a majority of the bank's loans.

As part of this evaluation, two community contacts were made with a local small business representative who is familiar with the economic and demographic characteristics in the full-scope assessment area. Information obtained from this contact was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation for the full-scope assessment area. The contacts did not identify any unmet credit needs.

**DESCRIPTION OF INSTITUTION**

Branch Offices

First Florida Bank is a full-service community bank headquartered in Destin, Florida. The bank operates four branches located in Okaloosa and Walton Counties, which are located within the Destin MSA. Lending products include business loans, commercial real estate loans, residential real estate purchase and refinance loans, and a limited variety of consumer loans and deposit products. The bank's primary focus is on residential real estate lending. The bank promotes its products and services and provides access to online banking on its website at

[www.firstflbank.com](http://www.firstflbank.com). As of June 30, 2015, First Florida Bank had total assets of \$314.7 million, total loans and leases of \$160.1 million, and total deposits of \$282.6 million.

Loan Portfolio

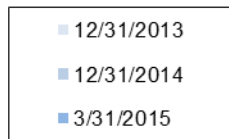
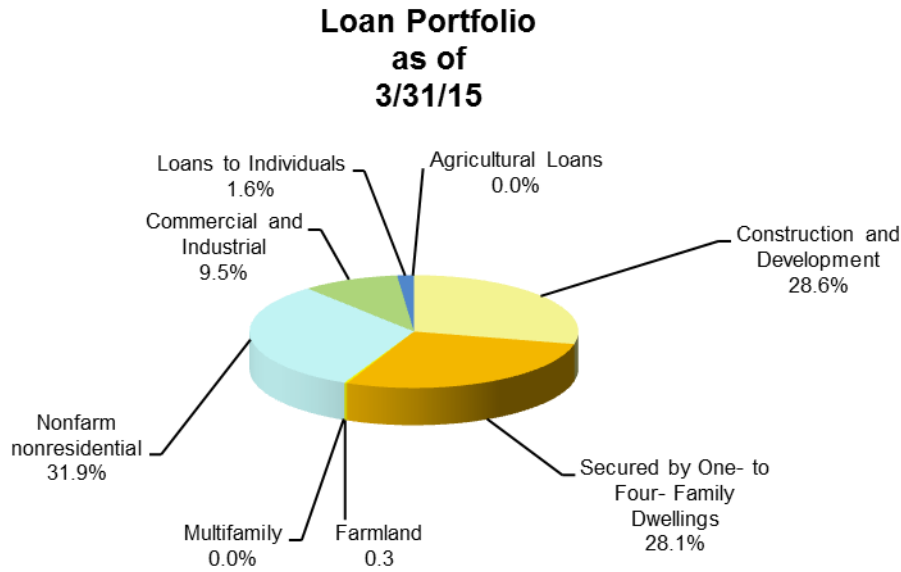
The following table shows the composition of the loan portfolio according to the Consolidated Reports of Condition and Income.

<b>COMPOSITION OF LOAN PORTFOLIO</b>						
<b>Loan Type</b>	<b>3/31/2015</b>		<b>12/31/2014</b>		<b>12/31/2013</b>	
	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>	<b>\$ (000s)</b>	<b>Percent</b>
Construction and Development	41,967	28.6%	37,820	26.2%	33,836	27.1%
Secured by One- to Four- Family Dwellings	41,250	28.1%	39,545	27.4%	39,463	31.6%
Other Real Estate: Farmland	426	0.3%	430	0.3%	445	0.4%
Multifamily	0	0.0%	0	0.0%	0	0.0%
Nonfarm nonresidential	46,815	31.9%	50,332	34.8%	35,168	28.1%
Commercial and Industrial	14,022	9.5%	13,732	9.5%	13,506	10.8%
Loans to Individuals	2,408	1.6%	2,584	1.8%	2,567	2.1%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
<b>Total</b>	<b>\$146,888</b>	<b>100.00%</b>	<b>\$144,443</b>	<b>100.00%</b>	<b>\$124,985</b>	<b>100.00%</b>

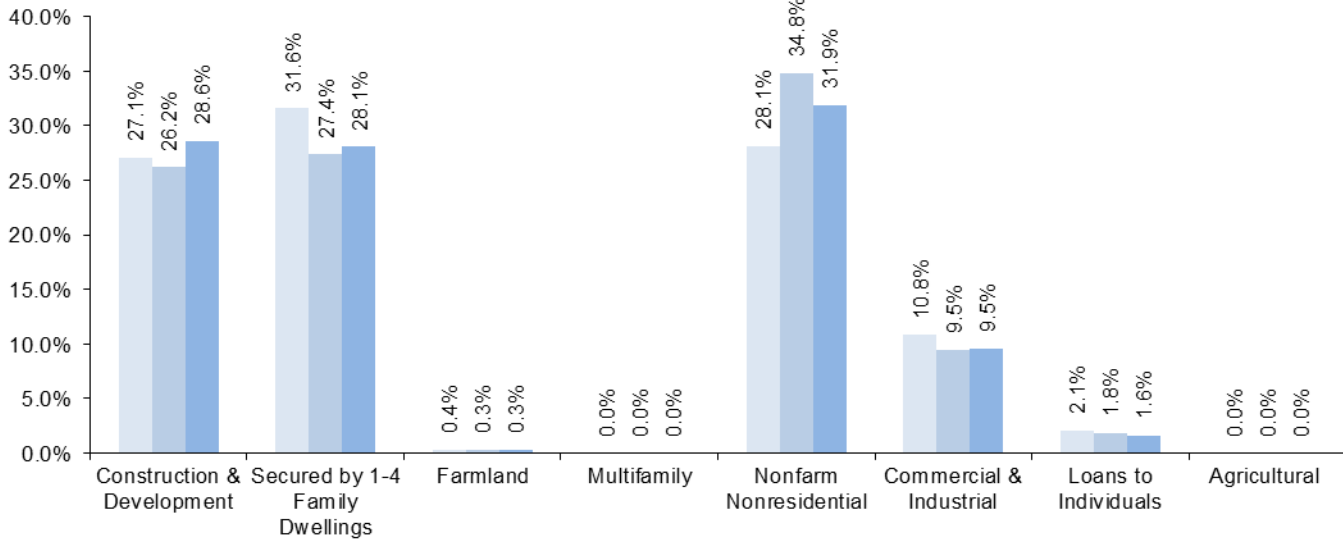
\* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included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

As illustrated above, the bank's loan portfolio increased by approximately 15.6 percent between 2013 and 2014 and the overall distribution of loan types remained relatively constant. As of December 31, 2014, nonfarm nonresidential, one- to four- family residential, and construction and development lending combined to account for 88.4 percent of the portfolio.

The chart below further illustrates that First Florida Bank’s loan portfolio mix was relatively unchanged during the review period. Nonfarm nonresidential, construction and development, and one- to four-family residential loans continue to be the bank’s top three loan types.



### Loan Portfolio Trend



First Florida Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a “Satisfactory” rating at its previous evaluation conducted in November 2011 by the FDIC under the Small Institution Examination Procedures.

**DESCRIPTION OF ASSESSMENT AREA - CRESTVIEW-FORT WALTON BEACH-DESTIN,  
 FLORIDA MSA**

Overview

First Florida Bank’s Destin assessment area includes all of Okaloosa County and five tracts in Walton County, all of which is located in the Destin MSA. In February 2013, the Office of Management and Budget (OMB) released revised delineations of MSAs which were applied to data collected on or after January 1, 2014. As a result of these changes, Okaloosa County, previously a non-MSA area, was added to the Destin MSA as of January 1, 2014. The changes to the MSA added one middle-income tract and removed one upper-income tract from the bank’s assessment area. There were no changes to the number of low- or moderate-income tracts as a result of this new MSA delineation. Furthermore, the lending and demographics tables will display information for all of Okaloosa and the five tracts in Walton Counties for comparison with the 2013 lending data and the revised Destin assessment area for 2014 lending data. The bank’s assessment area does not arbitrarily exclude any low- or moderate-income census tracts and is reasonable in relation to branch locations. For this evaluation, the Destin assessment area is reviewed using full-scope examination procedures.

Population Information

According to 2010 census data, Okaloosa and Walton Counties’ population was 180,822 and 25,895 persons, respectively. The Destin MSA, as delineated in 2013, had a population of 206,717 in 2010. The population estimates in Okaloosa County, Walton County, and the Destin MSA increased in 2013 to 185,852 persons, 27,208 persons, and 242,442 persons, respectively.<sup>1</sup> In 2013, the Destin MSA population ranked third in terms of growth compared to all the other MSAs in the country.<sup>2</sup>

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Federal Financial Institutions Examination Council’s (FFIEC) estimated median family income for the assessment area. The following tables set forth the estimated median family income for 2013 and 2014 for the Florida state non-metro area and the Destin MSA. They also provide a breakdown of the estimated annual income group ranges based on the annual median family income. As shown in the table below, the 2013 median family income in the non-metropolitan Florida state area was \$48,000. The 2014 estimated median family income in the Destin MSA was \$64,500, an increase of \$500 over the 2013 amount.

**Borrower Income Levels**  
**Florida State Non-metro**

FFIEC Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
<b>2013</b>	<b>\$48,000</b>	0 - \$23,999	\$24,000 - \$38,399	\$38,400 - \$57,599	\$57,600 - & above

<sup>1</sup> "Population." U.S. Census, n.d. Web. 01 Sept. 2015. <[www.policymap.com](http://www.policymap.com)>.

<sup>2</sup> "Okaloosa-Walton Ranks Third Nationally in Growth Rate." Northwest Florida Daily News, 14 Mar. 2013. Web. 01 Sept. 2015. <<http://www.nwfdailynews.com/article/20130314/NEWS/303149966>>.

**Borrower Income Levels  
Crestview-Ft. Walton Beach-Destin, FL MSA**

FFIEC Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
<b>2013</b>	<b>\$64,000</b>	0 - \$31,999	\$32,000 - \$51,199	\$51,200 - \$76,799	\$76,800 - & above
<b>2014</b>	<b>\$64,500</b>	0 - \$32,249	\$32,250 - \$51,599	\$51,600 - \$77,399	\$77,400 - & above

According to the 2010 census, the Destin assessment area had 56,526 families. Of those families, 17.8 percent are low-income; 18.1 percent are moderate-income; 23.0 percent are middle-income; and 41.1 percent are upper-income. Of total families in the assessment area, 7.3 percent have incomes below the poverty level.

Demographic Data by Census Tracts

In 2013, the bank’s assessment area contained no low-income tracts; 7 moderate-income tracts; 25 middle-income tracts; 14 upper-income tracts; and 2 unknown-income tracts. As previously noted, the OMB changes to the boundary of the Destin MSA resulted in minor changes to the income tract classifications in the assessment area. In 2014, one middle-income tract was added and one upper-income tract was removed from the bank’s assessment area, resulting in the current assessment area delineation of 7 moderate-income tracts, 26 middle-income tracts, 13 upper-income tracts, and 2 unknown-income tracts.

Housing Characteristics

According to 2010 U.S. Census data, there are 121,101 housing units in the Destin MSA, of which 47.2 percent are owner-occupied, 22.1 percent are rental units, and 30.7 percent are vacant. The assessment area median housing value is \$214,240, compared to the statewide median value of \$205,600. The assessment area housing affordability ratio is 25.4, compared to the state of Florida’s affordability ratio of 23.2 percent, meaning housing is slightly more affordable in the Destin assessment area than statewide. The affordability ratio is defined as the median household income divided by the median housing value. A higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. The median age of housing units in the assessment area is 23 years, which is slightly below the state median age of housing of 25 years.

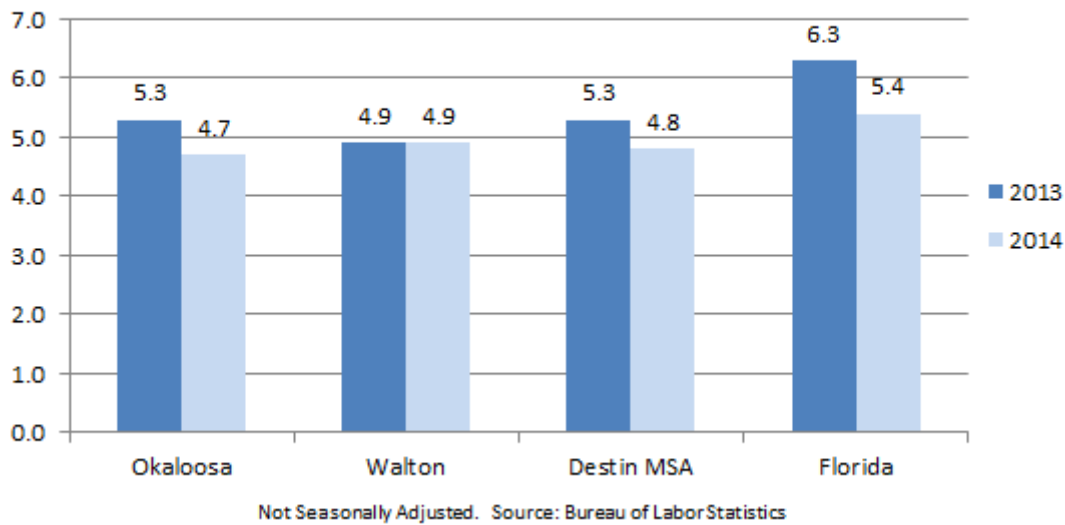
Employment Statistics

The Destin assessment area economy is stable and beginning to thrive. The unemployment rates for the counties within the assessment area have remained the same or decreased from 2013 to 2014. The most significant decrease in unemployment was seen in Okaloosa County. The assessment area’s stable economy can be attributed to the major employers such as Eglin Air Force Base, the world’s largest Air Force installation which has attracted numerous technology and defense contractors, including Boeing, BAE Systems, Lockheed Martin and L3 Communications.<sup>3</sup> These companies provide thousands of jobs in the assessment area and are significant catalysts for growth and stabilization in the local economy.

As shown in the following table, the unemployment rate decreased from 2013 to 2014 and was lower than the state average throughout the review period.

<sup>3</sup> "County Profile." Economic Development Council of Okaloosa County, Florida, n.d. Web. 08 Sept. 2015. <<http://www.florida-edc.org/county-profile.aspx>>.

### Unemployment Rates



#### Competition

First Florida Bank operates in a highly competitive banking market that includes a mix of national, regional and local banks. According to the June 30, 2014 FDIC Deposit Market Share Report, First Florida Bank ranked 8<sup>th</sup> out of 22 financial institutions inside the Destin assessment area with deposit market share of 5.7 percent. Regions Bank had the largest presence with deposit market share of 17.3 percent, followed by Synovus Bank at 10.8 percent, and Beach Community Bank at 8.0 percent. The top five institutions together hold 50.1 percent of deposits inside the Destin assessment area.

#### Community Contacts

As part of this examination, information was obtained from a small business development organization in western Florida to help in the assessment of the credit needs of the area. The contact stated that the local economy is still recovering from the BP oil spill, which in turn affected tourism and employment. Despite the economic struggles within the last few years, the contact believes the economy is doing well and that community banks are willing to work with small businesses in the assessment area. However, since the economic downturn, banks are requiring SBA guarantees in order to underwrite loans and make capital accessible; something that was not as common a few years ago. The contact believes there is an opportunity for banks to help very small businesses seeking small loan amounts by offering products for those needs and also by loosening underwriting criteria.

#### Assessment Area Demographics

The following tables provide demographic characteristics of the bank's assessment area used to analyze the bank's CRA performance based on 2013 and 2014 FFIEC Census data and Dun & Bradstreet information. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.



### Combined Demographics Report

Assessment Area: Destin 2013

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	837	10.9	
Moderate-income	0	0.0	0	0.0	0	0.0	1,002	13.0	
Middle-income	2	40.0	2,269	29.5	252	11.1	1,435	18.6	
Upper-income	3	60.0	5,431	70.5	231	4.3	4,426	57.5	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>5</b>	<b>100.0</b>	<b>7,700</b>	<b>100.0</b>	<b>483</b>	<b>6.3</b>	<b>7,700</b>	<b>100.0</b>	
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>							
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>		
		#	%	%	#	%	#	%	
Low-income	0		0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0		0	0.0	0.0	0	0.0	0	0.0
Middle-income	4,181		2,391	28.4	57.2	765	18.3	1,025	24.5
Upper-income	25,296		6,037	71.6	23.9	2,285	9.0	16,974	67.1
Unknown-income	0		0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>29,477</b>		<b>8,428</b>	<b>100.0</b>	<b>28.6</b>	<b>3,050</b>	<b>10.3</b>	<b>17,999</b>	<b>61.1</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	576	16.7	542	17.0	16	12.7	18	13.6	
Upper-income	2,864	83.3	2,640	83.0	110	87.3	114	86.4	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>3,440</b>	<b>100.0</b>	<b>3,182</b>	<b>100.0</b>	<b>126</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	
<b>Percentage of Total Businesses:</b>				<b>92.5</b>		<b>3.7</b>		<b>3.8</b>	
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>							
		<b>Less Than or = \$1 Million</b>			<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0	
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0	
Middle-income	10	62.5	10	66.7	0	0.0	0	0.0	
Upper-income	6	37.5	5	33.3	0	0.0	1	100.0	
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0	
<b>Total Assessment Area</b>	<b>16</b>	<b>100.0</b>	<b>15</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>	<b>1</b>	<b>100.0</b>	
<b>Percentage of Total Farms:</b>				<b>93.8</b>		<b>.0</b>		<b>6.3</b>	

2013 FFIEC Census Data and 2013 D&B Information

### Combined Demographics Report

Assessment Area: Okaloosa 2013

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	9,001	18.4
Moderate-income	7	16.3	8,139	16.7	1,354	16.6	9,149	18.7
Middle-income	23	53.5	28,074	57.5	1,829	6.5	11,382	23.3
Upper-income	11	25.6	12,613	25.8	439	3.5	19,294	39.5
Unknown-income	2	4.7	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>43</b>	<b>100.0</b>	<b>48,826</b>	<b>100.0</b>	<b>3,622</b>	<b>7.4</b>	<b>48,826</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	13,987	6,014	12.3	43.0	5,504	39.4	2,469	17.7
Middle-income	51,706	29,262	60.0	56.6	14,439	27.9	8,005	15.5
Upper-income	25,931	13,496	27.7	52.0	3,727	14.4	8,708	33.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>91,624</b>	<b>48,772</b>	<b>100.0</b>	<b>53.2</b>	<b>23,670</b>	<b>25.8</b>	<b>19,182</b>	<b>20.9</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	2,211	16.7	2,012	16.4	119	21.8	80	19.8
Middle-income	7,490	56.6	6,996	56.9	282	51.6	212	52.3
Upper-income	3,542	26.7	3,284	26.7	145	26.6	113	27.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>13,243</b>	<b>100.0</b>	<b>12,292</b>	<b>100.0</b>	<b>546</b>	<b>100.0</b>	<b>405</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.8</b>		<b>4.1</b>		<b>3.1</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	50	52.6	49	52.7	1	50.0	0	0.0
Middle-income	31	32.6	30	32.3	1	50.0	0	0.0
Upper-income	14	14.7	14	15.1	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>95</b>	<b>100.0</b>	<b>93</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>0</b>	<b>.0</b>
<b>Percentage of Total Farms:</b>				<b>97.9</b>		<b>2.1</b>		<b>.0</b>

2013 FFIEC Census Data and 2013 D&B Information

### Combined Demographics Report

Assessment Area: Destin 2014

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	10,061	17.8
Moderate-income	7	14.6	7,152	12.7	1,201	16.8	10,252	18.1
Middle-income	26	54.2	33,750	59.7	2,306	6.8	12,996	23.0
Upper-income	13	27.1	15,624	27.6	598	3.8	23,217	41.1
Unknown-income	2	4.2	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>48</b>	<b>100.0</b>	<b>56,526</b>	<b>100.0</b>	<b>4,105</b>	<b>7.3</b>	<b>56,526</b>	<b>100.0</b>
	<b>Housing Units by Tract</b>	<b>Housing Types by Tract</b>						
		<b>Owner-Occupied</b>			<b>Rental</b>		<b>Vacant</b>	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	12,682	4,740	8.3	37.4	5,417	42.7	2,525	19.9
Middle-income	64,692	35,502	62.1	54.9	16,208	25.1	12,982	20.1
Upper-income	43,727	16,958	29.6	38.8	5,095	11.7	21,674	49.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>121,101</b>	<b>57,200</b>	<b>100.0</b>	<b>47.2</b>	<b>26,720</b>	<b>22.1</b>	<b>37,181</b>	<b>30.7</b>
	<b>Total Businesses by Tract</b>	<b>Businesses by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,876	11.8	1,684	11.5	117	17.4	75	14.4
Middle-income	8,959	56.4	8,350	56.9	341	50.7	268	51.4
Upper-income	5,038	31.7	4,645	31.6	215	31.9	178	34.2
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>15,873</b>	<b>100.0</b>	<b>14,679</b>	<b>100.0</b>	<b>673</b>	<b>100.0</b>	<b>521</b>	<b>100.0</b>
<b>Percentage of Total Businesses:</b>				<b>92.5</b>		<b>4.2</b>		<b>3.3</b>
	<b>Total Farms by Tract</b>	<b>Farms by Tract &amp; Revenue Size</b>						
		<b>Less Than or = \$1 Million</b>		<b>Over \$1 Million</b>		<b>Revenue Not Reported</b>		
		#	%	#	%	#	%	#
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	24	21.8	23	21.5	1	50.0	0	0.0
Middle-income	66	60.0	65	60.7	1	50.0	0	0.0
Upper-income	20	18.2	19	17.8	0	0.0	1	100.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
<b>Total Assessment Area</b>	<b>110</b>	<b>100.0</b>	<b>107</b>	<b>100.0</b>	<b>2</b>	<b>100.0</b>	<b>1</b>	<b>100.0</b>
<b>Percentage of Total Farms:</b>				<b>97.3</b>		<b>1.8</b>		<b>.9</b>

2014 FFIEC Census Data and 2014 D&B Information

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA**

### Overview

First Florida Bank's overall performance rating is satisfactory. The bank's lending performance was evaluated by analyzing HMDA and commercial loans originated between January 1, 2013 and December 31, 2014. Residential real estate lending represents one of the major lines of business for the institution followed by commercial loans. As seen in the table below, HMDA lending within the assessment area at 532 loans was significantly greater than commercial lending in the assessment at 186 loans.

The bank's LTD ratio is reasonable. A majority of HMDA loans were originated inside the assessment area. Given the lack of low-income tracts and the minimal number of moderate-income tracts in the Destin MSA, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. Performance context information such as competition, demographics, the bank's condition and other economic factors were also considered in the evaluation of lending performance.

### Loan-to-Deposit Ratio

First Florida Bank's average LTD ratio is reasonable given its asset size, financial condition, and assessment area credit needs. The bank's average LTD ratio for the eight quarters ending June 30, 2015, was 57.1 percent. The LTD ratio was compared with that of four other depository institutions of similar asset size with branch offices in the Destin assessment area. The LTD ratios for these institutions over the same time period ranged from 41.3 percent to 78.2 percent. Performance context information such as competition and business strategy were considerations in determining the reasonableness of the LTD ratio.

### Assessment Area Concentration

During the review period, First Florida Bank originated a majority of its HMDA and commercial loans inside the assessment area. As shown in the following table, 85.9 percent of the bank's loans by number and 86.1 percent by dollar amount were extended to borrowers or businesses inside the assessment area. This percentage indicates the bank's willingness to originate loans that meet the credit needs of its assessment area.

**Lending Inside and Outside the Assessment Area**

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	4	80.0	\$644	98.5	1	20.0	\$10	1.5
Home Purchase - Conventional	225	88.6	\$62,646	91.7	29	11.4	\$5,653	8.3
Home Purchase - FHA	13	81.3	\$2,387	88.0	3	18.8	\$327	12.0
Home Purchase - VA	208	80.3	\$63,154	81.9	51	19.7	\$13,919	18.1
Refinancing	82	86.3	\$22,211	88.3	13	13.7	\$2,936	11.7
<b>Total HMDA related</b>	<b>532</b>	<b>84.6</b>	<b>\$151,042</b>	<b>86.9</b>	<b>97</b>	<b>15.4</b>	<b>\$22,845</b>	<b>13.1</b>
Commercial	186	89.9	\$54,105	84.1	21	10.1	\$10,211	15.9
<b>Total Commercial related</b>	<b>186</b>	<b>89.9</b>	<b>\$54,105</b>	<b>84.1</b>	<b>21</b>	<b>10.1</b>	<b>\$10,211</b>	<b>15.9</b>
<b>TOTAL LOANS</b>	<b>718</b>	<b>85.9</b>	<b>\$205,147</b>	<b>86.1</b>	<b>118</b>	<b>14.1</b>	<b>\$33,056</b>	<b>13.9</b>

Note: Affiliate loans not included

Geographic Distribution of Loans

The overall geographic distribution of the bank’s HMDA and commercial loans in the assessment area reflects reasonable dispersion throughout the assessment area. For this analysis, the bank’s geographic distribution of HMDA and commercial lending was compared to demographic information. Lending performance in low-income census tracts was not evaluated because this assessment area does not contain any low-income tracts. The table below summarizes 2013 and 2014 HMDA and commercial loan originations inside the assessment area based on tract income levels.

Residential Real Estate (HMDA) Lending

As the tables show, the bank made 10 HMDA loans in moderate-income tracts in 2013 and 10 loans in 2014. This performance was below the percentage of owner-occupied units within the moderate-income tracts, but similar to the level of aggregate lending. The bank’s limited loan dispersion in moderate-income tracts is reasonable given the opportunity in the assessment area, which includes only seven moderate-income tracts. It is reasonable that the majority of the bank’s lending is in middle- and upper-income tracts given that the majority of the assessment area consists of middle- and upper-income tracts.

Geographic Distribution of HMDA Loans

Assessment Area: Destin 2013

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2013					Bank & Aggregate Lending Comparison 2013					
		Bank		Owner Occupied Units	Count		Dollar					
		Count	Dollar		Bank	Agg	Bank	Agg	Bank	Agg		
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	6	11.5%	\$997	6.9%	28.4%	6	11.5%	8.4%	\$997	6.9%	4.8%
	Upper	46	88.5%	\$13,492	93.1%	71.6%	46	88.5%	91.6%	\$13,492	93.1%	95.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>52</i>	<i>100.0%</i>	<i>\$14,489</i>	<i>100.0%</i>	<i>100.0%</i>	<i>52</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$14,489</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	1	7.1%	\$261	5.9%	28.4%	1	7.1%	9.7%	\$261	5.9%	5.4%
	Upper	13	92.9%	\$4,145	94.1%	71.6%	13	92.9%	90.3%	\$4,145	94.1%	94.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>14</i>	<i>100.0%</i>	<i>\$4,406</i>	<i>100.0%</i>	<i>100.0%</i>	<i>14</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,406</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	28.4%	0	0.0%	19.4%	\$0	0.0%	9.2%
	Upper	0	0.0%	\$0	0.0%	71.6%	0	0.0%	80.6%	\$0	0.0%	90.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
MULTI FAMILY	<b>Multi-Family Units</b>											
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	0.0%	0	0.0%	33.3%	\$0	0.0%	61.8%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	66.7%	\$0	0.0%	38.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	7	10.6%	\$1,258	6.7%	28.4%	7	10.6%	9.0%	\$1,258	6.7%	5.2%
	Upper	59	89.4%	\$17,637	93.3%	71.6%	59	89.4%	91.0%	\$17,637	93.3%	94.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>66</i>	<i>100.0%</i>	<i>\$18,895</i>	<i>100.0%</i>	<i>100.0%</i>	<i>66</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$18,895</i>	<i>100.0%</i>	<i>100.0%</i>

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2013 FFIEC Census Data and 2013 D&B Information

Geographic Distribution of HMDA Loans

Assessment Area: Okaloosa 2013

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2013					Bank & Aggregate Lending Comparison 2013					
		Bank		Owner Occupied Units	Count		Dollar					
		Count	Dollar		Bank	Agg	Bank	Agg				
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	10	5.1%	\$2,572	4.5%	12.3%	10	5.1%	9.7%	\$2,572	4.5%	7.4%
	Middle	79	40.1%	\$18,092	31.4%	60.0%	79	40.1%	57.5%	\$18,092	31.4%	49.1%
	Upper	108	54.8%	\$36,999	64.2%	27.7%	108	54.8%	32.8%	\$36,999	64.2%	43.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>197</i>	<i>100.0%</i>	<i>\$57,663</i>	<i>100.0%</i>	<i>100.0%</i>	<i>197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$57,663</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	12.3%	0	0.0%	9.1%	\$0	0.0%	12.1%
	Middle	16	45.7%	\$3,091	35.4%	60.0%	16	45.7%	60.7%	\$3,091	35.4%	57.0%
	Upper	19	54.3%	\$5,632	64.6%	27.7%	19	54.3%	30.2%	\$5,632	64.6%	30.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>35</i>	<i>100.0%</i>	<i>\$8,723</i>	<i>100.0%</i>	<i>100.0%</i>	<i>35</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$8,723</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	12.3%	0	0.0%	16.6%	\$0	0.0%	11.9%
	Middle	0	0.0%	\$0	0.0%	60.0%	0	0.0%	60.6%	\$0	0.0%	47.8%
	Upper	2	100.0%	\$234	100.0%	27.7%	2	100.0%	22.9%	\$234	100.0%	40.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$234</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$234</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Multi-Family Units											
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	33.3%	\$0	0.0%	66.4%
	Middle	0	0.0%	\$0	0.0%	0.0%	0	0.0%	50.0%	\$0	0.0%	27.9%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	16.7%	\$0	0.0%	5.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	10	4.3%	\$2,572	3.9%	12.3%	10	4.3%	9.5%	\$2,572	3.9%	10.9%
	Middle	95	40.6%	\$21,183	31.8%	60.0%	95	40.6%	59.2%	\$21,183	31.8%	53.2%
	Upper	129	55.1%	\$42,865	64.3%	27.7%	129	55.1%	31.3%	\$42,865	64.3%	35.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>234</i>	<i>100.0%</i>	<i>\$66,620</i>	<i>100.0%</i>	<i>100.0%</i>	<i>234</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$66,620</i>	<i>100.0%</i>	<i>100.0%</i>

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2013 FFIEC Census Data and 2013 D&B Information

Geographic Distribution of HMDA Loans

Assessment Area: Destin 2014

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014					Bank & Aggregate Lending Comparison 2014					
		Bank		Owner Occupied Units	Count		Dollar					
		Count	Dollar		Bank	Agg	Bank	Agg				
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	7	3.6%	\$1,450	2.6%	8.3%	7	3.6%	5.1%	\$1,450	2.6%	3.3%
	Middle	72	36.5%	\$16,746	29.9%	62.1%	72	36.5%	56.1%	\$16,746	29.9%	46.6%
	Upper	118	59.9%	\$37,839	67.5%	29.6%	118	59.9%	38.8%	\$37,839	67.5%	50.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>197</i>	<i>100.0%</i>	<i>\$56,035</i>	<i>100.0%</i>	<i>100.0%</i>	<i>197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$56,035</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	2	6.1%	\$341	3.8%	8.3%	2	6.1%	6.7%	\$341	3.8%	4.4%
	Middle	12	36.4%	\$3,265	36.0%	62.1%	12	36.4%	56.9%	\$3,265	36.0%	49.8%
	Upper	19	57.6%	\$5,476	60.3%	29.6%	19	57.6%	36.3%	\$5,476	60.3%	45.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>33</i>	<i>100.0%</i>	<i>\$9,082</i>	<i>100.0%</i>	<i>100.0%</i>	<i>33</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$9,082</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	1	50.0%	\$60	14.6%	8.3%	1	50.0%	10.5%	\$60	14.6%	2.6%
	Middle	1	50.0%	\$350	85.4%	62.1%	1	50.0%	55.0%	\$350	85.4%	38.4%
	Upper	0	0.0%	\$0	0.0%	29.6%	0	0.0%	34.5%	\$0	0.0%	59.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$410</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$410</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Multi-Family Units											
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	0.0%	0	0.0%	71.4%	\$0	0.0%	97.5%
	Upper	0	0.0%	\$0	0.0%	0.0%	0	0.0%	28.6%	\$0	0.0%	2.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	10	4.3%	\$1,851	2.8%	8.3%	10	4.3%	5.7%	\$1,851	2.8%	3.5%
	Middle	85	36.6%	\$20,361	31.1%	62.1%	85	36.6%	56.4%	\$20,361	31.1%	48.6%
	Upper	137	59.1%	\$43,315	66.1%	29.6%	137	59.1%	38.0%	\$43,315	66.1%	47.9%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>232</i>	<i>100.0%</i>	<i>\$65,527</i>	<i>100.0%</i>	<i>100.0%</i>	<i>232</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$65,527</i>	<i>100.0%</i>	<i>100.0%</i>

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Commercial Lending

The bank originated 28 commercial loans in moderate-income tracts in 2013 and 33 commercial loans in 2014. Commercial lending in moderate-income tracts was significantly above the percentage of small businesses within these tracts throughout the review period.

**Geographic Distribution of Commercial Loans**

**Assessment Area: Destin 2013**

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2013				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	0	0.0%	\$0	0.0%	0.0%
Middle	2	15.4%	\$1,224	24.9%	17.0%
Upper	11	84.6%	\$3,685	75.1%	83.0%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>\$4,909</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2013 FFIEC Census Data and 2013 D&B Information

**Geographic Distribution of Commercial Loans**

**Assessment Area: Okaloosa 2013**

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2013				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	28	34.6%	\$5,037	22.8%	16.4%
Middle	43	53.1%	\$11,914	53.9%	56.9%
Upper	10	12.3%	\$5,144	23.3%	26.7%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>81</i>	<i>100.0%</i>	<i>\$22,094</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2013 FFIEC Census Data and 2013 D&B Information

**Geographic Distribution of Commercial Loans**

**Assessment Area: Destin 2014**

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2014				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	33	35.9%	\$4,294	15.8%	11.5%
Middle	39	42.4%	\$9,911	36.6%	56.9%
Upper	20	21.7%	\$12,895	47.6%	31.6%
Unknown	0	0.0%	\$0	0.0%	0.0%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>92</i>	<i>100.0%</i>	<i>\$27,101</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2014 FFIEC Census Data and 2014 D&B Information

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The distribution of loans reflects reasonable penetration among low- and moderate-income borrowers and to businesses of different sizes. For this analysis, the distribution of HMDA and commercial lending to borrowers of different income levels and businesses of different sizes was compared to demographic information. The following tables provide data on the bank’s distribution of HMDA and commercial loans to borrowers of different income levels and businesses of different revenue sizes.

Residential Real Estate (HMDA) Lending

In 2013, considering both the Destin (Walton County) and Okaloosa County assessment areas, the bank performed below the demographic (percentage of low- and moderate-income families) and also generally below the aggregate lenders. The bank’s performance in 2014 was similar. In both review periods, the bank’s strongest residential real estate loan product was home purchase loans, at approximately 85.0 percent of HMDA lending. Although stronger than the bank’s performance, the aggregate lenders lending to low- and moderate-income borrowers was also well below the demographic.

As previously noted, 17.8 percent of the families are low-income. Using the assumption that a borrower can afford a home for approximately three times annual income, based on the 2014 FFIEC estimated median family income for Destin MSA, an individual with the highest income in the low-income bracket (\$32,249) can afford a \$96,747 home, where the median housing value is \$214,240. Additionally, 30.7 percent of the housing units in the assessment area are vacant; vacant homes include vacation and second homes. The percentage of low- and moderate-income families and the value of the housing stock in the assessment area impact the number of HMDA loan applications from low- and moderate-income borrowers. Additionally, in a community that resides next to a popular vacation spot, the market is crowded by vacation and rental homes which exacerbate the supply of affordable housing.

The following tables show the distribution of the bank’s HMDA-reportable loans by the income level of the borrowers.

**Borrower Distribution of HMDA Loans**

Assessment Area: Destin 2013

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2013					Bank & Aggregate Lending Comparison 2013					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank	Agg		
		#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	10.9%	0	0.0%	0.3%	\$0	0.0%	0.1%
	Moderate	3	5.8%	\$384	2.7%	13.0%	3	5.8%	3.4%	\$384	2.7%	1.3%
	Middle	8	15.4%	\$1,495	10.3%	18.6%	8	15.4%	8.8%	\$1,495	10.3%	4.6%
	Upper	41	78.8%	\$12,610	87.0%	57.5%	41	78.8%	78.0%	\$12,610	87.0%	83.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	9.6%	\$0	0.0%	10.2%
	<i>Total</i>	<i>52</i>	<i>100.0%</i>	<i>\$14,489</i>	<i>100.0%</i>	<i>100.0%</i>	<i>52</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$14,489</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	10.9%	0	0.0%	2.3%	\$0	0.0%	1.0%
	Moderate	0	0.0%	\$0	0.0%	13.0%	0	0.0%	4.7%	\$0	0.0%	2.4%
	Middle	1	7.1%	\$53	1.2%	18.6%	1	7.1%	8.2%	\$53	1.2%	4.4%
	Upper	10	71.4%	\$3,403	77.2%	57.5%	10	71.4%	70.0%	\$3,403	77.2%	75.2%
	Unknown	3	21.4%	\$950	21.6%	0.0%	3	21.4%	14.9%	\$950	21.6%	17.0%
	<i>Total</i>	<i>14</i>	<i>100.0%</i>	<i>\$4,406</i>	<i>100.0%</i>	<i>100.0%</i>	<i>14</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$4,406</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	10.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	13.0%	0	0.0%	12.9%	\$0	0.0%	3.3%
	Middle	0	0.0%	\$0	0.0%	18.6%	0	0.0%	9.7%	\$0	0.0%	1.8%
	Upper	0	0.0%	\$0	0.0%	57.5%	0	0.0%	74.2%	\$0	0.0%	72.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	3.2%	\$0	0.0%	22.8%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	10.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	13.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	18.6%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	57.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	10.9%	0	0.0%	1.1%	\$0	0.0%	0.4%
	Moderate	3	4.5%	\$384	2.0%	13.0%	3	4.5%	3.9%	\$384	2.0%	1.7%
	Middle	9	13.6%	\$1,548	8.2%	18.6%	9	13.6%	8.5%	\$1,548	8.2%	4.5%
	Upper	51	77.3%	\$16,013	84.7%	57.5%	51	77.3%	74.8%	\$16,013	84.7%	80.5%
	Unknown	3	4.5%	\$950	5.0%	0.0%	3	4.5%	11.6%	\$950	5.0%	12.9%
	<i>Total</i>	<i>66</i>	<i>100.0%</i>	<i>\$18,895</i>	<i>100.0%</i>	<i>100.0%</i>	<i>66</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$18,895</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases  
2013 FFIEC Census Data and 2013 D&B Information

**Borrower Distribution of HMDA Loans**

Assessment Area: Okaloosa 2013

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2013					Bank & Aggregate Lending Comparison 2013					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank	Agg		
		#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	
HOME PURCHASE	Low	2	1.0%	\$374	0.6%	18.4%	2	1.0%	4.7%	\$374	0.6%	2.0%
	Moderate	17	8.6%	\$2,531	4.4%	18.7%	17	8.6%	17.8%	\$2,531	4.4%	11.4%
	Middle	37	18.8%	\$7,688	13.3%	23.3%	37	18.8%	25.1%	\$7,688	13.3%	21.8%
	Upper	138	70.1%	\$46,478	80.6%	39.5%	138	70.1%	41.7%	\$46,478	80.6%	53.8%
	Unknown	3	1.5%	\$592	1.0%	0.0%	3	1.5%	10.6%	\$592	1.0%	11.1%
	<i>Total</i>	<i>197</i>	<i>100.0%</i>	<i>\$57,663</i>	<i>100.0%</i>	<i>100.0%</i>	<i>197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$57,663</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	18.4%	0	0.0%	5.5%	\$0	0.0%	2.2%
	Moderate	4	11.4%	\$409	4.7%	18.7%	4	11.4%	10.5%	\$409	4.7%	4.8%
	Middle	4	11.4%	\$761	8.7%	23.3%	4	11.4%	14.6%	\$761	8.7%	7.9%
	Upper	18	51.4%	\$4,990	57.2%	39.5%	18	51.4%	37.4%	\$4,990	57.2%	29.6%
	Unknown	9	25.7%	\$2,563	29.4%	0.0%	9	25.7%	32.0%	\$2,563	29.4%	55.4%
	<i>Total</i>	<i>35</i>	<i>100.0%</i>	<i>\$8,723</i>	<i>100.0%</i>	<i>100.0%</i>	<i>35</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$8,723</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	18.4%	0	0.0%	8.6%	\$0	0.0%	4.1%
	Moderate	1	50.0%	\$30	12.8%	18.7%	1	50.0%	16.0%	\$30	12.8%	8.9%
	Middle	0	0.0%	\$0	0.0%	23.3%	0	0.0%	20.6%	\$0	0.0%	14.6%
	Upper	0	0.0%	\$0	0.0%	39.5%	0	0.0%	49.7%	\$0	0.0%	65.4%
	Unknown	1	50.0%	\$204	87.2%	0.0%	1	50.0%	5.1%	\$204	87.2%	6.9%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$234</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$234</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	18.4%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.7%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	23.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	39.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	2	0.9%	\$374	0.6%	18.4%	2	0.9%	5.2%	\$374	0.6%	2.1%
	Moderate	22	9.4%	\$2,970	4.5%	18.7%	22	9.4%	14.0%	\$2,970	4.5%	7.5%
	Middle	41	17.5%	\$8,449	12.7%	23.3%	41	17.5%	19.7%	\$8,449	12.7%	13.7%
	Upper	156	66.7%	\$51,468	77.3%	39.5%	156	66.7%	39.6%	\$51,468	77.3%	39.5%
	Unknown	13	5.6%	\$3,359	5.0%	0.0%	13	5.6%	21.5%	\$3,359	5.0%	37.2%
	<i>Total</i>	<i>234</i>	<i>100.0%</i>	<i>\$66,620</i>	<i>100.0%</i>	<i>100.0%</i>	<i>234</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$66,620</i>	<i>100.0%</i>	<i>100.0%</i>

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2013 FFIEC Census Data and 2013 D&B Information

**Borrower Distribution of HMDA Loans**

Assessment Area: Destin 2014

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014					Bank & Aggregate Lending Comparison 2014					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank	Agg		
		#	%	\$ (000s)	\$ %	#	%	%	\$ (000s)	\$ %	\$ %	
HOME PURCHASE	Low	5	2.5%	\$448	0.8%	17.8%	5	2.5%	3.6%	\$448	0.8%	1.2%
	Moderate	17	8.6%	\$2,438	4.4%	18.1%	17	8.6%	13.0%	\$2,438	4.4%	7.1%
	Middle	34	17.3%	\$7,110	12.7%	23.0%	34	17.3%	20.3%	\$7,110	12.7%	15.0%
	Upper	137	69.5%	\$44,966	80.2%	41.1%	137	69.5%	48.2%	\$44,966	80.2%	62.6%
	Unknown	4	2.0%	\$1,073	1.9%	0.0%	4	2.0%	15.0%	\$1,073	1.9%	14.1%
	<i>Total</i>	<i>197</i>	<i>100.0%</i>	<i>\$56,035</i>	<i>100.0%</i>	<i>100.0%</i>	<i>197</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$56,035</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	17.8%	0	0.0%	5.0%	\$0	0.0%	2.2%
	Moderate	1	3.0%	\$120	1.3%	18.1%	1	3.0%	10.1%	\$120	1.3%	5.6%
	Middle	3	9.1%	\$442	4.9%	23.0%	3	9.1%	13.9%	\$442	4.9%	8.8%
	Upper	25	75.8%	\$7,961	87.7%	41.1%	25	75.8%	41.3%	\$7,961	87.7%	54.0%
	Unknown	4	12.1%	\$559	6.2%	0.0%	4	12.1%	29.7%	\$559	6.2%	29.4%
	<i>Total</i>	<i>33</i>	<i>100.0%</i>	<i>\$9,082</i>	<i>100.0%</i>	<i>100.0%</i>	<i>33</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$9,082</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	17.8%	0	0.0%	19.1%	\$0	0.0%	2.2%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	11.4%	\$0	0.0%	5.6%
	Middle	0	0.0%	\$0	0.0%	23.0%	0	0.0%	22.7%	\$0	0.0%	15.2%
	Upper	2	100.0%	\$410	100.0%	41.1%	2	100.0%	41.8%	\$410	100.0%	71.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	5.0%	\$0	0.0%	5.2%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$410</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$410</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	17.8%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	23.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	41.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	5	2.2%	\$448	0.7%	17.8%	5	2.2%	4.3%	\$448	0.7%	1.4%
	Moderate	18	7.8%	\$2,558	3.9%	18.1%	18	7.8%	12.1%	\$2,558	3.9%	6.5%
	Middle	37	15.9%	\$7,552	11.5%	23.0%	37	15.9%	18.5%	\$7,552	11.5%	13.0%
	Upper	164	70.7%	\$53,337	81.4%	41.1%	164	70.7%	46.0%	\$53,337	81.4%	58.9%
	Unknown	8	3.4%	\$1,632	2.5%	0.0%	8	3.4%	19.1%	\$1,632	2.5%	20.1%
	<i>Total</i>	<i>232</i>	<i>100.0%</i>	<i>\$65,527</i>	<i>100.0%</i>	<i>100.0%</i>	<i>232</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$65,527</i>	<i>100.0%</i>	<i>100.0%</i>

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Commercial Lending

The bank originated 13 loans, or 16.0 percent, of its commercial loans to businesses with gross annual revenues of \$1 million or less in Okaloosa in 2013; 15.4 percent of its commercial loans were made to small businesses in the 2013 Destin assessment area. According to 2013 Dun & Bradstreet data, 92.8 percent of the businesses in the Okaloosa area generate gross annual revenues of \$1 million or less and are considered small businesses, while 92.5 percent of businesses in the Destin assessment area are considered small businesses.

Performance in 2014 was slightly better, when 21.7 percent of the bank's commercial loans were made to small businesses, compared to the 92.5 percent of the businesses in the assessment area that are considered small businesses. It should be noted that for both years in the review period, revenue information was not available for a large percentage of its commercial loans, thereby making an accurate analysis of the bank's lending to small businesses difficult.

Given the limited revenue information available, the bank's lending to small businesses is poor; however, approximately 95.0 percent of its commercial loans were for amounts of \$250,000 or less, indicating the bank's willingness to meet the credit needs of all businesses in the assessment area, especially small businesses typically requesting smaller loan amounts.

The following tables show, by loan size, the number and dollar volume of commercial loans originated by First Florida Bank.

**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: Destin 2013

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2013				
		Bank		Total Businesses		
		Count		\$ (000s)		%
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	2	15.4%	\$980	20.0%	92.5%
	Over \$1 Million	4	30.8%	\$1,331	27.1%	3.7%
	<i>Total Rev. available</i>	6	46.2%	\$2,311	47.1%	96.2%
	Rev. Not Known	7	53.8%	\$2,598	52.9%	3.8%
	<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>\$4,909</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	4	30.8%	\$211	4.3%	
	\$100,001 - \$250,000	4	30.8%	\$864	17.6%	
	\$250,001 - \$1 Million	4	30.8%	\$2,784	56.7%	
	Over \$1 Million	1	7.7%	\$1,050	21.4%	
	<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>\$4,909</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	0	0.0%	\$0	0.0%	
	\$100,001 - \$250,000	1	50.0%	\$230	23.5%	
	\$250,001 - \$1 Million	1	50.0%	\$750	76.5%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$980</i>	<i>100.0%</i>	

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**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: Okaloosa 2013

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2013				
		Bank Count		Bank \$ (000s)		Total Businesses
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	13	16.0%	\$4,190	19.0%	92.8%
	Over \$1 Million	58	71.6%	\$15,619	70.7%	4.1%
	<i>Total Rev. available</i>	71	87.6%	\$19,808	89.7%	96.9%
	Rev. Not Known	10	12.3%	\$2,286	10.3%	3.1%
	<i>Total</i>	<i>81</i>	<i>100.0%</i>	<i>\$22,094</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	24	29.6%	\$1,090	4.9%	
	\$100,001 - \$250,000	36	44.4%	\$7,463	33.8%	
	\$250,001 - \$1 Million	18	22.2%	\$8,154	36.9%	
	Over \$1 Million	3	3.7%	\$5,388	24.4%	
	<i>Total</i>	<i>81</i>	<i>100.0%</i>	<i>\$22,094</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	9	69.2%	\$446	10.6%	
	\$100,001 - \$250,000	2	15.4%	\$343	8.2%	
	\$250,001 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	2	15.4%	\$3,400	81.2%	
	<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>\$4,190</i>	<i>100.0%</i>	

Originations & Purchases  
2013 FFIEC Census Data and 2013 D&B Information



**Commercial Loans by Business Revenue & Loan Size**

Assessment Area: Destin 2014

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2014				
		Bank		Total		
		Count		\$ (000s)		Businesses
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	20	21.7%	\$6,194	22.9%	92.5%
	Over \$1 Million	60	65.2%	\$15,515	57.2%	4.2%
	<i>Total Rev. available</i>	80	86.9%	\$21,709	80.1%	96.7%
	Rev. Not Known	12	13.0%	\$5,392	19.9%	3.3%
	<i>Total</i>	92	100.0%	\$27,101	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	32	34.8%	\$1,496	5.5%	
	\$100,001 - \$250,000	36	39.1%	\$6,970	25.7%	
	\$250,001 - \$1 Million	21	22.8%	\$9,710	35.8%	
	Over \$1 Million	3	3.3%	\$8,924	32.9%	
	<i>Total</i>	92	100.0%	\$27,101	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	7	35.0%	\$395	6.4%	
	\$100,001 - \$250,000	6	30.0%	\$887	14.3%	
	\$250,001 - \$1 Million	6	30.0%	\$2,062	33.3%	
	Over \$1 Million	1	5.0%	\$2,850	46.0%	
	<i>Total</i>	20	100.0%	\$6,194	100.0%	

Originations & Purchases  
2014 FFIEC Census Data and 2014 D&B Information

**RESPONSE TO SUBSTANTIATED COMPLAINTS**

First Florida Bank has not received any CRA related complaints since the last examination.

**FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

**APPENDIX A**

<b>SCOPE OF EXAMINATION</b>			
<b>TIME PERIOD REVIEWED</b> January 1, 2013 to December 31, 2014			
<b>FINANCIAL INSTITUTION</b> First Florida Bank, Destin, Florida		<b>PRODUCTS REVIEWED</b> HMDA and Commercial loans	
<b>AFFILIATE(S)</b> N/A	<b>AFFILIATE RELATIONSHIP</b> N/A	<b>PRODUCTS REVIEWED</b> N/A	
<b>LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION</b>			
<b>ASSESSMENT AREA</b>	<b>TYPE OF EXAMINATION</b>	<b>BRANCHES VISITED</b>	<b>OTHER INFORMATION</b>
Destin, Florida (Okaloosa County and partial Walton County)	Full-Scope Review	2000 Ninety-Eight Palms Boulevard, Destin, Florida	N/A

**APPENDIX B – DEFINITIONS AND GENERAL INFORMATION**

**Definitions**

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

**Rounding Convention**

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

**General Information**

The 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 **First Florida Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **August 31, 2015**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

## 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 multi-family 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.

Effective January 19, 2010, the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation revised the definition of community development to include loans, investments, and services by financial institutions that-

- I. Support, enable or facilitate projects or activities that meet the "eligible uses" criteria described in Section 2301(c) of the Housing and Economic Recovery Act of 2008 (HERA), Public Law 110-289, 122 Stat. 2654, as amended, and are conducted in designated target areas identified in plans approved by the United States Department of Housing and Urban Development in accordance with the Neighborhood Stabilization Program (NSP);
- II. Are provided no later than two years after the last date funds appropriated for the NSP are required to be spent by grantees; and
- III. Benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or areas outside the bank's assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**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.

**APPENDIX C – GLOSSARY (Continued)**

**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 is analyzed considering performance context, quantitative factors (for example, geographic distribution and borrower distribution), and qualitative factors.

**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 multi-family (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 is analyzed using only quantitative factors (for example, geographic distribution, and borrower 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. An 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. An MD is a division of an MSA based on specific criteria including commuting patterns. Only an 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.

**APPENDIX C – GLOSSARY (Continued)**

**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.

**Multi-family:** 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.

**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.