

2021

# Summary Annual Report

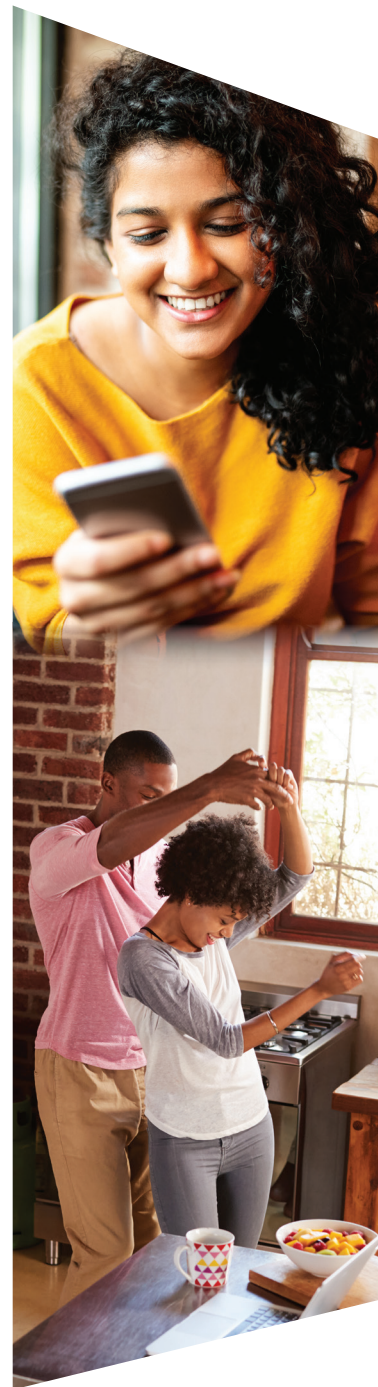
CONSOLIDATED REPORT ON KEY FINANCIAL  
AND ORGANIZATIONAL METRICS

Friendly. Stable. Flexible.



FIRST FEDERAL BANK

[ffbf.com](https://ffbf.com)



First Federal Bancorp, MHC. Parent Company for First Federal Bank

Member  
**FDIC**  
EQUAL HOUSING  
LENDER

# I Contents

2-3 Letter From The President

---

4 Core Values

---

5 Timeline of Events

---

6 Community Banking

---

7 Digital Convenience

---

8 Commercial Lending

---

9 Capital Solutions / Specialty Banking

---

10 Residential Lending

---

11 Warehouse Lending

---

12 Employee Involvement

---

13 Impacting Our Community

---

14 Customer Feedback

---

15 Corporate Profile

---

16 Summary Balance Sheet

---

## A letter from the President...

While 2021 was another year of traversing the COVID pandemic, we were successful in navigating the shifting landscape. In staying true to our mission, we found innovative and creative solutions to enhance the ways we supported our current and new customers. Our growth can be attributed to acquiring new skills, growing our customer base, enhancing our resources, and adapting to new challenges we encountered.

We concluded the year at \$3.4 billion in assets, aided by the continued high volume of mortgages and the extension of the Paycheck Protection Program. As the year progressed, consumer confidence began to rebound, even as margins and interest rates remained compressed. Our return on average assets exceeded 1.67%, placing First Federal in the top 10 for financial performance for Return on Assets for banks in the State of Florida, according to HOVDE's Bank Performance Report. Net Income exceeded our target by 20% as our total number of accounts grew.

Our financial stability, ability to be flexible to customers' needs, and our talented team members led to the Bank being named Newsweek's Best Small Bank in Florida for the second year in a row. In addition, American Banker listed First Federal as one of the top mid-tier banks for 2021 nationally, and rated us #1 in the state of Florida. We are honored by these recognitions, which emphasize our commitment to being a financially sound community bank.

In early January, the Small Business Administration saw the need for additional support for hard-hit businesses and opened up a second round of Payroll Protection Program loans. Cross-divisional teamwork enabled the Bank to successfully facilitate 752 second-draw PPP loans totaling nearly \$59MM from January to April. Warehouse lending added new mortgage banking customers and funded more than 15,000 homes across the US. Capital Solutions expanded its government guaranteed student loan portfolio by 80%. These guaranteed assets are a continuation of the Bank's desire to diversify earning assets within the portfolio.

The Residential Lending teams' unparalleled volume from 2020 carried through much of 2021. Despite the volume and staffing challenges, nearly 14,000 customers received home financing totaling \$3.75 billion dollars. We continued to witness increased demand for home refinancing, fueled by low mortgage interest rates and rising home prices.

Our Specialty Banking division had a monumental year with many impactful projects. This team launched a PIN-Based debit card product through which First Federal facilitated over \$200MM in debit card transactions for cannabis dispensaries around the United States. We also closed our first cannabis loan for \$10MM and our newest cannabis customer - a national medical cannabis distributor - selected us to be its primary depository institution in Florida. Deposits from this group increase 360% year over year.



"Our growth can be attributed to acquiring new skills, growing our customer base, enhancing our resources, and adapting to new challenges we encountered."

**JOHN MEDINA**  
PRESIDENT & CEO,  
FIRST FEDERAL BANK

The Community Banking division proved their resilience yet again, through the myriad of ways they provided innovative and creative solutions to our consumer and business banking customers. Even as branch transactions increased through the year, our team launched a new online account opening which has exceeded their new account goals by opening over 200 accounts digitally. Consumer loan sales trended upward significantly in the second half of 2021, as interest in HELOC financing grew.

Throughout 2021, our commitment to supporting non-profits did not falter. As our communities became comfortable with safely hosting in-person events, our teams were ready to lend a hand. Staff volunteered over 3,000 hours in the communities they call home. The First Federal Foundation was formalized to support community and economic growth on a larger scale. The FF Foundation allows us to come together with other organizations to support large community projects, events, and initiatives. Through our other avenues of giving, First Federal is proud to have bolstered local communities during another unprecedented year with close to \$632,000 in total donations distributed to 294 non-profits. The impact has been felt far and wide.

Our culture continues to set us apart and customers can feel the difference in each interaction. Keeping our team well informed, connected, and thriving is vital to our success. Internally, we implemented a new employee recognition platform, enhanced training opportunities, and expanded our benefits package to encourage our team to proactively manage their mental and physical health.

With a wealth of ideas and knowledge within our organization, the Power of 3 initiative was implemented in 2020 as a way for our management team to submit three ideas to generate more revenue, lower expenses, or increase efficiencies. In collaboration with departmental staff, 303 ideas were submitted for a potential savings of \$3.3MM and revenue generation of \$3.5MM. I'm grateful to everyone's input and willingness to participate.

This year, I shared the Bank's vision of reaching \$5 billion in assets in 5 years in an effort to connect us all to a common goal. This vision is one of growth. A couple of avenues that will help us achieve this goal are growing and diversifying our investment portfolio, expanding our Specialty Banking and Capital Solutions divisions, evaluating merger and acquisition opportunities, and increasing our residential servicing portfolio. Over the next few years, we will continue to look for creative and innovative ways to grow our capital, which will result in further stability.

As we move into 2022 and celebrate 60 years of business, First Federal looks ahead to another successful year by continuing to focus on calculated growth while being a great place to work and bank. We are well-positioned to make the sound investments needed to move the bank onward and to add value for our customers. We look forward to continuing our legacy of providing stability for our customers, employees, and the communities we serve. Thank you for trusting First Federal to be your bank.

John A. Medina, Sr.



**FIRST FEDERAL BANK  
FINANCIAL CENTER  
LAKE CITY, FLORIDA**

**"We look forward to continuing our legacy of providing stability for our customers, employees, and the communities we serve."**

**JOHN MEDINA**



# Core Values

Core values speak to the heart of an organization and are the essence of a company's identity. Everything we do is centered around our community, customer service, our stability, and being trustworthy. These values support our mission and vision, shape our culture, and provide a foundation for the future.



# Timeline of Events

## 1962

Founded as First Federal Savings and Loan Association of Live Oak. One branch, \$1 million in assets & 4 employees. John S. Flood, President.

## 1970s

Three branches in Live Oak, Jasper, and Mayo. Started offering checking accounts. \$10 million in assets (1974).

## 1980s

Keith C. Leibfried became President (1981). Hit \$50 million in assets (1986). Opened 2 branches in Lake City.

## 1990s

First Federal Foundation is established (1994). Telebanking (AIMEE) and ATMs were introduced. Opened 6th branch in Dowling Park.

## 2000s

Opened branches in Live Oak, Fernandina Beach, Macclenny, Yulee, and the Flood Financial Center (operations) in Lake City. Hit \$500 million in assets and 160 employees (2005). Reorganized from a Mutual Savings and Loan to a Mutual Bank (2007).

## 2010s

Acquired QRL Financial Services and branches in Holmes, Jackson, Marion, Nassau, and Washington counties in FL, plus in Beaufort County, SC. Opened new branches in Gainesville and Wildlight. Expanded SBA/USDA and Residential Lending. Surpassed \$1 billion in assets (2016). John A. Medina becomes President, Keith Leibfried is CEO (2019).

## 2020s

John A. Medina named President and CEO (2020). Keith Leibfried continues as Chairman of the Board. Today there are 25 full-service branches, 17 mortgage offices, 3 wholesale mortgage offices, and approximately 800 employees.

# Community Banking

Building strong relationships with our customers helps us understand their needs and provide tailored banking accounts and services.

## 2021 Account Totals

**9,760**  
accounts opened<sup>2</sup>



**60,937**  
total accounts

with total account balances reaching

**\$2.32B<sup>1</sup>**

Checking and savings accounts grew 18.9%.

## Notable



**Voted**

“America’s Best  
Small Bank in  
Florida - 2022”

by Newsweek

“Small town  
banking and  
service with big  
city technology  
and products.  
This is the best  
bank ever!”

| JOHN T.





# Digital Convenience

Connecting with our customers.

## By The Numbers



**179**  
contactless accounts  
opened in 2021



**10,000**  
IQ Lobby Check-ins  
in 5 branches



**3,193**  
Zelle® Users  
as of December 2021



**17,569**  
Mobile Banking Users  
18% Increase

### Mobile Banking

- Quickly and Easily Check Your Account Balances
- View Your Transaction History and Transfer Money Between Accounts
- Electronically Deposit Checks using Mobile eDeposit





# Commercial Lending

Building strong relationships with our customers helps us understand their needs and provide tailored banking accounts and services.

## Conventional Commercial Loans

**679**

loans



**\$193MM**

total funded

## Commercial Banking

**\$67MM**

in new deposits

## Payroll Protection Loans

**752**

loans



**\$58MM**

total funded

## Notable

All credit quality metrics below key risk indicator targets for 2021. Internal loan review for commercial portfolio recommended no risk rating changes and no technical exceptions.



# Capital Solutions

Specialized lending solutions for financing projects of any size and complexity, including new construction, sub rehabilitation, acquisition and refinancing.

In 2021, Capital Solutions expanded its student loan portfolio by 80%. These guaranteed assets are a continuation of the Bank's desire to diversify earning assets within the portfolio.

Capital Solutions is poised to grow exponentially in 2022 through strategic purchases of varying asset classes that will complement the existing portfolio and provide solid earnings of approximately \$5 million for the Bank.

# Specialty Banking

Providing safe and compliant banking solutions for highly regulated industries.

## Deposit Growth

**\$222MM**

growth in deposits

WITH

**\$1.98MM**

in net income

## Notable

- Expanded into the Arizona cannabis market as the first state outside of Florida.
- Closed our first cannabis senior debt facility for \$10M
- PIN-Based Debit sponsorship volume was \$274MM in the first year of production with revenue of \$1.37MM.



# Residential Lending

Helping homeowners realize their dreams with fast, friendly, and transparent mortgage lending solutions.

## Residential Lending

**\$3.75B**  
in loans originated



**13,866**  
homes funded

## Customer Comments

"Closing in 30 days? I thought it was not possible. Thanks for being on my home purchase team, Jen."

| KATHI J.

"I love you guys! Couldn't be happier! Second transaction with this company and wouldn't hesitate to do it again!"

| SARAH T.

## Year in Reviews – Residential Lending

Results from 406 customer satisfaction surveys.

- **92% – very satisfied** with services
- **95% – very satisfied** with loan officers
- **89% – very satisfied** with their processor
- **91% – said** their questions were addressed promptly
- **79% – said** their loan closed on time





# Warehouse Lending

Offering relationship oriented lines of credit with multiple mortgage products for loan originators.

## Warehouse Lending

**\$3.8B**

in home  
mortgages funded

WITH

**15,094**

home  
mortgages funded

**\$2B**

in homes refinanced

WITH

**7,953**

homes refinanced

## Notable

- Added 4 new mortgage banking customers totaling \$96 million in commitments.
- Increased warehouse line amounts to five existing customers, totaling \$32 million.
- Total commitments of \$523 million at year end.
- \$14 million in PPP loans to mortgage bankers.
- Net income of \$4.6 million.





# Employee Involvement

Providing stability to the places where we live and work is at the heart of who we are. This is evident through our contributions and volunteerism in the communities we serve.



First Federal Foundation  
**\$459,000**  
Donated

First Federal Way  
**\$113,730**  
Donated

Community Rewards  
**\$59,500**  
Donated



# Impacting Our Community

We help enrich the lives of our neighbors and employees through our ongoing commitment to supporting education and cultural programs, coupled with health and wellness initiatives.



**3,000**

hours volunteered

by our employees.



**294**

non-profits

received contributions from  
First Federal Bank.



**\$632,230**

in donations

through the First Federal Foundation,  
and general contributions.



**45,611**

training courses

completed by First Federal Bank  
employees to support and  
encourage professional growth.



**\$39,960**

for student athletics



**\$355,854**

to education & literacy

provided for books, teacher grants,  
and educational programs.



**\$32,978**

contributed to  
health care initiatives



**55**

local organizations

benefited from First Federal Way, our  
employee payroll deduction program.



**\$12,100**

to Food Service

providing funds to food pantries and  
organizations fighting hunger

**3,389**

customers enrolled in  
Community Rewards

which donates money when  
customers use their debit cards.

# Customer Feedback

What our customers are saying and how they're interacting with us across the web.

## Warehouse Lending

"The best customer service I've received in banking in a long time."

| GUY J.

"First Federal Bank is absolutely fantastic! I love their employees... so cheerful and will help you in a moments notice.

The ease of the website and bill pay is appreciated. I bank with First Federal for both my corporate and personal banking needs. I highly recommend First Federal Bank!"

| ANNETTE M.

## Notable Numbers

- 367,153 impressions across social media.
- 16,575 social media audience members.
- 8,449 social media interactions.
- 1.5 million online form views with 6,520 submissions.
- 753,770 emails sent with an open rate of 25.56%, above industry average.



# Corporate Profile

First Federal Bank is a community bank founded in the heart of North Central Florida in 1962. Today, First Federal is a community based, mutual bank offering a full line of personal and business financial solutions, services and loans through full-service banking offices in Florida's Panhandle, North Central Florida, and coastal South Carolina. In addition, First Federal has mortgage lending offices across the Southeast and Midwest, and SBA and USDA lending offices throughout Florida and in multiple states.

## Senior Management

**John Medina**, President & Chief Executive Officer  
**Pam Hitt**, Senior Executive Vice President & Chief Operating Officer  
**Jim Moses**, Senior Executive Vice President & Chief Risk Officer  
**David Brewer**, Senior Executive Vice President & Chief Financial Officer

## Ownership

Mutual Holding Company. As a mutual bank, our depositors are our owners. First Federal is directed by customer needs, not stockholder needs.

## Locations

**25 Full Service Branches:** (Florida & South Carolina)  
**17 Mortgage Offices:** (FL, GA, NC, IL, MD, TN, OH & WI)  
**QRL Financial Services - Wholesale Mortgage:** Madison, WI & Green Bay, WI  
**FFB TPO Mortgage - Alpharetta, GA**  
**FFB Mortgage Lending Headquarters,**  
**Retail Mortgage & Warehouse Mortgage:** Jacksonville, FL

## Employees

Approximately 800

## Asset Size

Approximately \$3.4 billion as of 12/31/21

## Operations Office

4705 West US Highway 90, Lake City, FL 32055

## Community Involvement

We are committed to supporting our vibrant communities, successful schools, growing businesses and customers' financial security. As corporate citizens, we focus on programs that help our local communities. We are involved in the following ways:

- » Community Organization Sponsorships
- » Athletic and Academic School Programs
- » Cultural Events and Performances
- » Affordable Housing
- » Youth Programs
- » Literacy and Social Services

## Awards & Recognitions

- » Best Small Bank in Florida 2022 - *Newsweek* magazine
- » "Five-Star, Superior Financial Stability" rating from BauerFinancial, Inc. since 2000.\*
- » Freddie Mac 2021 Service Honors and Rewards Program (SHARP) Bronze Winner
- » Top Mortgage Lenders - Scotsman Guide Media
- » "Bank of the Year" in Columbia, Jackson, Washington, & Holmes Counties.
- » "Top Mid-Tier Bank for 2021" and ranked #1 in the state of Florida by American Banker

\*Ratings by BauerFinancial, Inc., of Coral Gables, FL, and as of 12/31/21.



# Summary Balance Sheet

For more information, please see the accompanying Consolidated Financial Statements at [ffbf.com](http://ffbf.com).

Results shown in thousands.

At December 31

Assets	2021	2020
Cash and Cash Equivalents	\$497,923	\$165,198
Debt Securities Available for Sale	1,264,227	713,306
Loans		
Held for Sale	191,170	477,566
Held for Investment	903,534	1,225,156
Less: Allowance for Losses	(24,208)	(26,494)
Loans, Net	1,070,496	1,676,228
Premises and Equipment, Net	39,485	38,950
Other Assets	549,399	463,866
Total Assets	\$3,421,530	\$3,057,548

## Liabilities

Deposits	\$2,937,850	\$2,534,124
Borrowings and Advances	51,053	99,069
Other Liabilities	76,970	96,657
Total Liabilities	\$3,065,873	\$2,729,850

## Equity

Total Equity	\$355,657	\$327,698
Total Liabilities and Equity	\$3,421,530	\$3,057,548

---

“First Federal Bank is a personalized banking experience. All the bank employees are ready to help and assist in any of the financial needs that arise. This bank goes above and beyond to help their customers in every aspect. I highly recommend First Federal Bank for personal and business banking. ”

---

— Lyra M., First Federal Customer



**FIRST FEDERAL BANK**

[ffbf.com](http://ffbf.com)

