



2023

Annual Report Summary

CONSOLIDATED REPORT OF KEY FINANCIAL
AND ORGANIZATIONAL METRICS



FIRST FEDERAL BANK

ffbf.com

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



| Contents

2-3 Letter From The President

4 Our History

5 Core Values / Our Vision

6 Community Banking

7 Digital Conveniences

8 Commercial Lending and SBA Lending

9 Capital Solutions / Specialty Banking

10 Residential Lending

11 Warehouse Lending

12 Employee Involvement

13 Community Impact

14 Customer Feedback

15 Corporate Profile

16 Summary Balance Sheet



Reflecting on the progress our bank has made in 2023, I present our annual report, which summarizes the achievements and developments that have defined our journey over the past year. It has been a year marked by both challenges and triumphs. Through our collective efforts and unwavering commitment, we have continued to thrive in the ever-evolving landscape of the banking industry.

Economic & Banking Sector Overview:

2023 brought its share of economic uncertainties nationally and globally. From geopolitical tensions to fluctuating markets, navigating through the economic landscape demanded agility and foresight. The housing market, inclusive of the mortgage industry, stagnated; rates rose and inventory remained low. Three large regional banks made headlines for failing. Despite these challenges, the banking sector witnessed a paradigm shift in consumer expectations and market dynamics. The increasing digital offerings, coupled with the continued demand for personalized financial solutions, underscored the importance of agility and customer-centricity. The sector demonstrated resilience, adapting to changing consumer behaviors and emerging trends with innovation and determination. As a community bank, we embraced these changes, leveraging technology and customer insights to enhance our service offerings and deepen our relationships with customers. And, despite the economic challenges, First Federal Bank ended the year with a Return on Assets that landed us in the number two spot in our regional peer group in Florida.

In addition to our general operations, I am pleased to share several notable achievements that have defined our 2023.

Key Highlights:

Recognition as the Best Small Bank in Florida:

For the third year in a row, we were recognized by Newsweek as the Best Small Bank in Florida. This prestigious accolade is a testament to the dedication and excellence of our team, as well as the trust and support of our valued customers and shareholders.

Launch of a New Equipment Financing Line:

In response to the evolving needs of our business clients, we introduced a new national equipment financing line of business, designed to provide flexible and tailored solutions to support their growth and expansion initiatives. This initiative reaffirms our commitment to empowering businesses and fostering economic development within our communities.

Acquisition of Mortgage Division from BNC National Bank:

To further strengthen our consumer direct channel and expand our mortgage offerings, we successfully completed the acquisition of the mortgage division from BNC National Bank. With new locations in Kansas City, South Dakota, and Arizona, our physical presence expanded west. This strategic move not only enhances our competitive position in the market but also reinforces our commitment to providing best-in-class mortgage services to our customers.

New Technologies Implemented:

To complement ongoing enhancements made to our digital tools, several new features launched. We replaced 22 ATMs with ITMs (Integrated Teller Machines) which allow customers to quickly connect with a live teller for more complex transactions or to answer questions. This also allows us to extend the hours we serve customers. New security features were added like Positive Pay, a solution designed to help business customers manage and monitor transactions, and account alerts were expanded so online users can customize ‘what’ and ‘how’ they receive alerts about activity on their accounts.

Philanthropic Initiatives:

At the heart of our mission lies a steadfast commitment to social responsibility and community engagement. Through four different giving channels, over 300 organizations received support from First Federal Bank. One highlight, our foundation contributed \$30,000 to the Boys and Girls Club of Northeast Florida, furthering our efforts to support youth development and empowerment. Through First Federal Way, 58 organizations received donations from our employees, which the bank matched. Additionally, during Giving Tuesday, we doubled our Community Rewards Program (CRP), underscoring our dedication to making a positive impact in the lives of those we serve.

Looking Ahead:

As we embark on this next year, guided by our core values and commitment to stability, I am confident that we will continue to innovate, adapt, and grow in the face of challenges and opportunities. Together, we will chart a course toward sustainable growth and long-term success, staying true to our mission of empowering individuals and communities to achieve their financial goals.

In closing, I extend my sincere gratitude to our customers, and our dedicated team members for their unwavering support and contributions. Your trust and partnership inspires us to reach new heights and make a meaningful difference in the lives of others.

Thank you for your continued confidence in our bank.



John A. Medina, Sr.



“Together, we will chart a course toward sustainable growth and long-term success, staying true to our mission of empowering individuals and communities to achieve their financial goals.”

JOHN MEDINA
PRESIDENT & CEO,
FIRST FEDERAL BANK

Our History

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. Acquired BNC National Bank's Mortgage Division (2023). There are 25 full-service branches, 7 mortgage offices, 3 wholesale mortgage offices, and approximately 650 employees.



Core Values

Core values speak to the heart of an organization and they are the essence of a company’s identity. At First Federal Bank, 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. Our culture is vital to accomplishing this mission and differentiating us from competitors and other businesses.



Our Vision

To have an organization that is connected to a culture of being a well-respected institution with informed personnel and customers.

We are the best at serving our customers with innovative and creative solutions.





Community Banking

We work to establish strong relationships with our customers by offering unique products and promotions throughout the year. In 2023, we promoted uChoose Rewards adoption by giving away 10,000 points to select deposit account customers. We heightened our community giving efforts by doubling our community rewards donation on Giving Tuesday. To celebrate International Thank You Day, we had over 1,000 customers enter to win \$100. Through our Interactive Teller Machines (ITM), we had 4,635 “talk to teller” transactions performed and expanded our reach with units in Bonifay and Fort White.

Customer Highlight

Bass Assassin Lures, Inc.



“Working with First Federal Bank on a business level has been fantastic. They are always a phone call away and have helped us out throughout the years in many, many ways. We’ve been with First Federal for probably 40+ years. We also bank with them as a family and have been easy to work with for personal, refinance, and vehicle loans too. Whatever you need, they are there.”

AUDRA SHIVER RUTHERFORD

EXECUTIVE OPERATIONS MANAGER, SECRETARY AND TREASURER

By The Numbers

7,011

checking accounts opened

1864

savings accounts opened

\$3.414 Billion¹

total account deposits

Notable



“2024 America’s Best Regional Bank” by Newsweek



Digital Conveniences

Equipping our customers with the tools they need to manage their finances effectively and safely, both in-person and online is our priority. From services like Zelle to ITMs, mobile banking, and online banking, and over 25 branch locations, we are committed to making banking convenient and accessible. Fraud protection is also a top priority through available services like Positive Pay and smart alerts. At First Federal Bank, our mobile fraud team is working diligently to stop scams from happening.

By The Numbers

461

online accounts opened

27,402

IQ Lobby check-ins

7,300

Zelle® users

19,077

mobile banking users

42,000

accounts using eStatements

1.6 Million

sheets of paper saved in 2023
by eStatement users

107,084

customer care calls

6,684

online chats

Notable

- Enhanced our Smart Alerts with Notifi
- 3.6 Million Smart Account and Security Alerts in 2023
- Updated debit card controls with Card Hub
- Over 150,000 items paid through Bill Pay





Commercial and SBA Lending

The bank’s traditional commercial lending team managed a portfolio just shy of \$300 million while providing 255 new loans totaling \$64 million to support small businesses across our retail branch footprint. The team also maintained credit quality with total charge offs for 2023 of less than \$100,000.

The CGGL (Commercial Government Guaranteed Lending) Division provided SBA 7(a), SBA 504 and USDA loans across the Southeast US, both directly in our markets and through our SBA Works team, which provides outsourced services to banks and credit unions by originating and servicing SBA loans. The bank also implemented the SBA scoring model which expedites approvals for loan requests \$500,000 and under. The First Federal Bank direct lending team provided 23 SBA loans totaling \$16 million dollars and the SBA Works team assisted other financial institutions with 27 SBA loans totaling \$17 million.



Customer Highlight

Rising Phoenix

“We highly recommend First Federal Bank to anyone who is in need of financing for their business venture. The process of obtaining an SBA loan was smooth and the guidance and support was helpful.”

JASON AMMIRATO
OWNER

By The Numbers

255

total commercial loans

\$64 Million

funded in 2023

23

SBA loans closed

\$16 Million

funded in 2023

Notable

- 2023 SBA North Florida District Office Top Community Lender by Number of Loans



Capital Solutions

In 2023, our Capital Solutions group continued to expand its vendor network, added \$15 million in new loans, and contributed \$3.2 million in net income to the bank. Our portfolio had a year-over-year net yield increase of 211 basis points. Our high-performing portfolio had less than 1% in charged off loans. This strategic growth is a continuation of the bank’s desire to diversify earning assets. We are poised to continue this growth in 2024 through strategic purchases of varying asset classes that will complement the existing portfolio and provide growth in incremental earnings for the bank.

Specialty Banking

The Specialty Banking Division, which supports state legalized medical cannabis companies with both deposit and loan products that meet all regulatory BSA/AML standards, ended the year with \$69 million in loans and provided deposit services to over 500 accounts.

By The Numbers

\$4 Billion

in retail transactions processed

37

number of states

\$53 Million

in loans funded

\$9.69 Million

in net income





Residential Lending

First Federal Bank has built a strong reputation in the banking industry for over six decades. Our dedication to offering an array of mortgage financial solutions showcases our commitment to catering to the diverse needs of our customers. Through prioritizing the establishment of solid relationships, we strive to promote trust, understanding, and collaboration in addressing customers financial goals and requirements.

Customer Comments

“My loan officer was amazing to work with, through my home buying experience. He went above and beyond for me to get into my home. I will be recommending him to my family and friends also!”

C. CRANOR

“It is important to my clients and myself to have a local lender familiar with our unique real estate market. They have an assortment of competitive programs for all Home Buyers. [First Federal Bank] is always available for our home buyer clients and has a proven track record of top tier customer service.”

M. MCDANIEL

By The Numbers

\$1.1 Billion

in loans originated

3,535

homes funded

Notable

- Acquired BNC National Bank’s Mortgage Division in Kansas



Warehouse Lending

We offer lines of credit from \$3 million up to \$45 million to fund mortgage loans originated by independently owned mortgage banking companies across the country. We fund a wide range of residential mortgage loans including conventional, government, non-qualified mortgages, manufactured housing, reverse mortgage loans, construction loans, second mortgage loans, bond loans, and bridge loans. We are also one of the few warehouse lenders that has the ability to fund eNotes. We help our clients grow their business by providing flexible funding, exceptional service and entrepreneurial solutions through all industry cycles.

By The Numbers

\$1.5 Billion

in home mortgages funded

5,860

home mortgages funded

\$156 Million

in homes refinanced

631

homes refinanced

Notables

- Added four new mortgage banking customers totaling \$131 million in commitments
- Total commitments of \$559 million at year end





Employee Involvement

We strive to make a positive impact on our community through various initiatives such as supporting education and cultural programs, promoting health and wellness, and providing opportunities for our employees to give back. Through our Community Rewards Program, First Federal Foundation, and First Federal Way employee payroll deduction, we support community projects both financially and through volunteer efforts. Our goal is to enrich lives and contribute to a stronger, healthier, and more vibrant community.



First Federal Way

\$100,940

*Donated through employee contributions
and First Federal Bank's donation match*

Community Rewards (CRP)

\$51,980

Donated



Community Impact



5,200

volunteer hours

allocated to our employees



109

non-profits

received contributions from First Federal Bank



\$390,020

in donations

through the First Federal Way, CRP, and general contributions



42,241

training courses

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



\$26,500

for student athletics



\$77,000

to education & literacy provided for books, teacher grants, and educational programs



\$152,900

contributed to health and family welfare



57

local organizations

benefited from First Federal Way, our employee payroll deduction program

3,360

customers enrolled in Community Rewards

which donates money when customers use their debit cards



\$6,600

youth leadership inspiring the leaders of tomorrow



Customer Feedback

Hearing from our customers is an honor and comes with the responsibility of listening so that we may continually enhance their banking experience. Our community is encouraged to share feedback through multiple channels including email, Google reviews, social media comments, speaking with our team members, and letters. Each comment is carefully reviewed and a response is promptly provided to help us improve and best serve our customers.

Customer Highlight

Momex Investments, LLC



"Having been a business customer of First Federal Bank for over 30 years, the many services that are offered by the bank are a daily benefit to our company. Specifically Positive Pay. Positive Pay gives us a peace of mind at preventing fraud. We have experienced fraud through our accounts, which has been identified, addressed, and resolved immediately. The ease and efficiency of use that is provided in the Positive Pay system makes it an easy system to integrate into our daily banking needs."

TARA DICKS
CONTROLLER

By The Numbers

- 475,750 impressions across social media
- 16,039 social media audience members
- 1.46 million online form views with 8,141 submissions
- 901,302 emails sent with an open rate of 36.8%, 15.5% above industry average
- 30k digital newsletter readers per month on average

Corporate Profile

First Federal Bank is a community bank founded in the heart of North Central Florida in 1962. Today, First Federal Bank 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 Bank has mortgage lending offices across the Southeast and Midwest, and SBA and USDA lending offices throughout Florida and in multiple states.

Senior Management	<p>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</p> <hr/>
Ownership	<p>Mutual Holding Company. As a mutual bank, our depositors are our owners. First Federal Bank is directed by customer needs, not stockholder needs.</p> <hr/>
Locations	<p>25 Full Service Branches: (Florida & South Carolina) 7 Mortgage Offices: (FL, GA, KS, NC, SC and WI) QRL Financial Services - Wholesale Mortgage - Madison & Green Bay, WI FFB Mortgage Lending Headquarters, Retail & Warehouse Mortgage - Jacksonville, FL FFB Mortgage Lending Consumer Direct - Overland Park, KS</p> <hr/>
Employees	<p>Approximately 650</p> <hr/>
Asset Size	<p>\$3.86 billion, as of 12/31/23</p> <hr/>
Operations Office	<p>4705 West US Highway 90, Lake City, FL 32055</p> <hr/>
Community Involvement	<p>What matters to us are vibrant communities, successful schools, growing businesses and financial security. As corporate citizens we focus on programs that help our local communities. We are involved in the following ways:</p> <ul style="list-style-type: none">» Community Organization Sponsorships» Affordable Housing» Athletic and Academic School Programs» Youth Programs» Cultural Events and Performances <hr/>
Awards & Recognitions	<ul style="list-style-type: none">» Best Small Bank in Florida 2021 - 2023 - <i>Newsweek</i> magazine» Best Regional Bank 2024 - <i>Newsweek</i> magazine (Named in 2023)» “Five-Star, Superior Financial Stability” rating from BauerFinancial, Inc. since 2000.*» Voted “Best Bank” in Alachua, Beaufort and Columbia Counties» 2023 SBA North Florida District Office Top Community Lender by Number of Loans <hr/>

*Ratings by BauerFinancial, Inc., of Coral Gables, FL, and as of 12/31/23.

Summary Balance Sheet

For more information, please visit ffbf.com to request the accompanying Consolidated Financial Statements. Results shown in thousands.

At December 31

Assets

2023

Cash and Cash Equivalents	\$101,100
Debt Securities Available for Sale	2,086,618
Loans	
Held for Sale	69,239
Held for Investment	1,177,649
Less: Allowance for Losses	(8,909)
Loans, Net	1,237,979
Premises and Equipment, Net	37,955
Other Assets	396,621
Total Assets	\$3,860,273

Liabilities

Deposits	\$3,414,041
Borrowings and Advances	86,221
Other Liabilities	79,694
Total Liabilities	\$3,579,956

Equity

Total Equity	\$280,317
Total Liabilities and Equity	\$3,860,273