

AGENDA
December 17, 2020

Call to order

Reading of Minutes

Loans Requiring Board Approval

Financial Analysis

1. Ratio Analysis	Pg. 1
2. Balance Sheet	Pgs. 2-3
3. Profit & Loss	Pgs. 4-5
4. Balance Sheet- Main Branch	Pgs. 6-7
5. Profit & Loss- Main Branch	Pgs. 8-9
6. Balance Sheet- Beach Branch	Pgs. 10-11
7. Profit & Loss- Beach Branch	Pg. 12-13
8. Yield on Assets – Liabilities	Pg. 14
9. Investment Report	Pg. 15-19

Lending

1. New Loans	Pg. 20
2. Renewed Loans	Pg. 21
3. Active Lines, Letters and Commitments	Pg. 22-23
4. Delinquent Loans	Pg. 24
5. Monthly Loan Watch List	Pg. 25
6. Repossessions, Non Accrual Loans, Other Real Estate Owned	Pg. 26
7. Reserve for Loan Losses	Pg. 27
8. Overdraft Report	Pg. 28

Miscellaneous Reports

1. Closed Accounts	Pg. 29
2. Teller Over and Short	Pg. 30
3. New Accounts – Main & Beach	Pgs. 31-33
4. Deposit Rate and Maturity Analysis	Pgs. 34-35

Special Items

- A. Internal Audit Report
- B. 2021 Internal External Audit Schedule
- C. Compliance Program Report
- D. Customer Information Protection Report
- E. Third Party Vendor Review Annual Report 2020
- F. Bank Secrecy Act (BSA) Program Report
- G. Loan Officer Status Report and Risk Assessment
- H. Enterprise Risk Management Meeting Minutes
- I. Pandemic Periodic Report
- J. Enterprise Risk Management Report 2020
- K. Charge Off/Charge Down and Losses (3)
- L. Investment Committee Minutes - November
- M. Policy Review

**MINUTES OF BOARD OF DIRECTORS
OF
FIRST NATIONAL BANK NORTHWEST FLORIDA**

A meeting of the Board of Directors of First National Bank Northwest Florida was held at 101 East 23rd Street, Panama City, Florida, on November 19, 2020.

Present were Angie Barger, John Hundley, Kim Johns, Roger Grace and Al Qualls. Bill Adams attended via phone. There being a quorum present, the meeting was called to order. Waiver of Notice of Meeting was approved.

The minutes of the previous meeting were read and approved on a motion by John Hundley, seconded by Roger Grace.

The Board then reviewed the following reports for the month of October.

1. Loans Requiring Board Approval
2. Financial Reports
3. Lending
4. Miscellaneous Reports
5. Special Reports

Next, an internal audit report as of October 2020 prepared by Denise Bunes, Internal Auditor, was presented. The report was a Compliance Review of National Automated Clearing House Association (NACHA) Operating Rules and an Operational Review of Accrued Interest Payable and Federal Reserve Pledged Loans. All reports were reviewed with *strong* results. See reports for details.

The Compliance Program report prepared by Denise Bunes, Internal Auditor/Compliance Officer was presented to the Board for the period covering October 1 through October 31, 2020. The report includes program status, implementation, regulatory news, policies & procedures, training, review, and monitoring. See report for complete details.

The Board then reviewed the Bank Secrecy Act (BSA) Program submitted by Steven Dvorak, BSA/OFAC Officer. This report covers the period October 1 through October 31, 2020. The report includes the Program Status, Implementation/Projects, Regulatory News/Changes, Monitoring, and Filing Statistics. See report for details.

The Loan Officer Status Report and Risk Assessment for the period ending October 31, 2020 was presented and reviewed. This report further details on a per lending officer basis, their loan portfolio management, criticized & classified loans, past due status and various exceptions. This report includes a listing and status of all loans approved under the bank's supplemental lending limits. Enhancements may be made to this report over time in order to better serve management and the board. See report for details.

Next, the Loan Loss Reserve Allowance Using CECL Methodology for the third quarter ending September 30, 2020 was then reviewed. CECL replaces the current Allowance of Loan and Lease Losses (ALLL) accounting standard. See report for details.

The minutes for the Enterprise Risk Management (ERM) meeting were then reviewed. The meeting covered the ERM Risk Assessment and Reg DD Excessive Debit Activity Fee Suspension Extension. See report for details.

Next the Board reviewed the Pandemic Periodic Report. This report covers Bank operations and changes during the Covid-19 pandemic. See report for further details.

Next, the Board reviewed the Regulation F Ratios for the bank which included capital adequacy analysis, capital coverage and reserves, and earnings & efficiency. Included in the analysis were informational graphs. The ratio information was for the quarter ending September 30, 2020. The report also included the previous quarters ending June 30, 2020, March 31, 2020 and December 31, 2019. See reports for details.

Next, the Interest Rate Risk Analysis (IRR) Full ALM/IRR Report as of September 30, 2020 was presented. This is prepared quarterly by CenterState Bank. These reports include the Executive Summary, Assumptions and Summary Report for both strategic/dynamic and static analysis. The reports are based on the bank's September 2020 financials. The report covers capital adequacy, earnings and net interest margin, liquidity, and interest rate sensitivity, as well as, other key points. The bank's Asset Liability (ALCO) Committee reviews this report in depth. See report for further details.

Two memos from Barbara McCullough, EVP/CFO, were presented regarding Ratios/Reports and the IRR Report as of September 30, 2020. It was noted that there are several ratios which will soon be, or already have been, ratios deviating from normal policy, ranges or goals. These deviations coincide with the surge in deposits from hurricane Michael that are primarily in Non-Maturity Deposits, the drop in loan balances due to payoffs primarily from insurance payments/sales of real estate, and the increased amount being held with the Federal Reserve/Due From CDs. It is anticipated that these deviations from the normal policy will continue as repair and rebuilding take place in the area. Additionally, the effect of Covid-19 and increase in deposits at financial institutions in the area may be unrelated to Hurricane Michael. It was noted that the Loan to Deposit Ratio was 40.89% which is outside the short-term goal of 50%-90%. Additionally, differences in projections/ratios between the IRR Static and Strategy reports also related to Hurricane Michael surge deposits. The reports differ in that Static utilizes actual figures from a point in time and projects to year end showing an increase in deposits while the budget utilized in Strategy projects a decrease in the volume of deposits by year end. However, the bank has continued to have additional increases in volume of deposits. Budget was revised prior to the December 30, 2019 IRR report. Estimated surge deposits have decreased from \$30,000,024.27 as of September 2019 to \$20,146,525.79 as of September 2020. The Investment Committee is thoroughly reviewing account information as it is believed the volume of surge deposits may actually be far less and is the result of normal increases in deposits that all banks in the area have experienced. See reports for further details.

Investment Committee Minutes for the month of October 2020 were presented. See report for details.

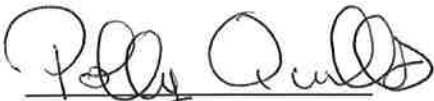
The Board of Directors was presented with information prepared by Steven Dvorak, BSA/OFAC Officer, on the Bank Secrecy Act, Anti-Money Laundering, Beneficial Owners and Office of Foreign Assets Control for required annual training. Additionally, printed literature on these topics was given to each director to review. See literature for details.

Various policies were submitted for approval by the Board of Directors due to regulatory or procedural content changes or updates. Policy changes were approved on a motion by John Hundley, seconded by Bill Adams and approved. See policy list and/or specific policies for details.

The Board was advised of an update regarding the foreclosure on the Jones, Gaglio & Dennis loan/property. A sale date of 01/12/2021 has been set.

The Board was then informed of a SAR filed on November 10th due to a customer questioning reported cash deposit amounts and subsequent structured deposits.

There being no further business, the meeting was adjourned on a motion by Bill Adams seconded by Roger Grace.


Polly L. Qualls, Secretary

RATIO ANALYSIS
November 30, 2020

ASSET QUALITY	CURRENT MONTH	PREVIOUS MONTH	SAME MONTH LAST YEAR
PAST DUES/TOTAL LOANS	0.58%	0.56%	0.62%
PAST DUES	400,876	400,876	425,921
NON-ACCRUAL / TOTAL LOANS	0.28%	0.27%	0.29%
NON-ACCRUAL LOANS	195,465	195,361	197,443
O.R.E.	-	-	-
LOAN LOSS RESERVE	1,249,820	1,249,820	1,249,532
LOAN LOSS RES/TOTAL LOANS	1.79%	1.75%	1.81%
EARNINGS			
BEFORE TAXES	98,544	91,980	233,908
AFTER TAXES	98,544	91,980	233,908
NET INTEREST MARGIN	2.16%	2.16%	2.91%
AVG EARNING ASSETS/AVG TOTAL ASSETS	98.66%	98.75%	98.65%
INT. DEPOSITS/TOTAL DEPOSITS	78.27%	76.83%	77.41%
NON-INTEREST EXPENSE	260,073	278,845	283,836
LOANS/TOTAL DEPOSITS (50% TO 90%)	40.23%	40.60%	42.58%
LIQUIDITY (>=20%)	63.44%	62.45%	62.71%
INVESTMENTS % TOTAL ASSETS (15% TO 60%)	63.53%	63.85%	60.70%
FEDERAL FUNDS SOLD	-	-	-
DUE FROM FHLB & FED	20,306,290	22,887,420	30,020,940
DUE FROM CENTERSTATE	246,473	251,252	369,826
STATE OF FLORIDA MUTUAL FUNDS	-	0	0
DUE FROM TIME DEPOSITS	91,590,000	89,839,000	68,588,000
DUE FROM OTHER	-	-	-
COST OF FUNDS	0.20%	0.25%	0.95%
CAPITAL			
CAPITAL	19,874,864	19,776,319	18,981,706
TOTAL RISKED BASED CAPITAL RATIO (Well Capitalized = 10%)	36.44%	35.19%	37.44%
TIER 1 CAPITAL RATIO (Well Capitalized = 8%)	35.18%	33.93%	36.18%
COMMON EQUITY TIER 1 CAPITAL RATIO (Well Capitalized = 6.5%)	35.18%	33.93%	36.18%
TIER 1 LEVERAGE RATIO (Well Capitalized = 5%)	10.44%	10.35%	10.49%
CAPITAL BUFFER	28.44%	27.19%	29.44%
DIVIDEND PAYOUT RATIO (Benchmark 65%)	0.00%	0.00%	0.00%

* Capital Buffer equals the lowest of the following:

Total Capital minus 8%

Tier 1 Capital minus 6%

Common Equity Tier 1 Capital minus 4.5%

FIRST NATIONAL BANK NORTHWEST FLORIDA
BALANCE SHEET
November 30, 2020

	Current MTD Balance	Current MTD Average	Previous MTD Average	Change	Current MTD Budget	Variance Current Avg /Budget (%)
ASSETS						
Cash and Cash Items	1,399,149.38	1,528,609.91	1,373,528.69	155,081.22	1,499,412.58	1.95%
Due From-Time Deposits	91,590,000.00	91,230,731.34	89,419,709.66	1,811,021.68	88,769,560.00	2.77%
Due From Int Bearing Demand	20,306,289.86	19,613,640.78	21,700,777.71	(2,087,136.93)	14,923,868.87	31.42%
Due From Non Int Bear Demand	246,473.24	258,700.39	252,504.10	6,196.29	251,655.90	2.80%
Total Cash & Due From	113,541,912.48	112,631,682.42	112,746,520.16	(114,837.74)	105,444,497.35	6.82%
INVESTMENTS						
Securities	6,459,878.26	6,601,221.16	6,841,727.51	(240,506.35)	7,028,824.39	-6.08%
FHLB Stock	259,400.00	259,400.00	259,400.00	-	259,400.00	0.00%
FRB Stock	198,150.00	198,150.00	198,150.00	-	198,150.00	0.00%
Fed Funds Sold	-	-	-	-	-	0.00%
TOTAL INVESTMENTS	6,917,428.26	7,058,771.16	7,299,277.51	(240,506.35)	7,486,374.39	-5.71%
LOANS						
Commercial	13,625,224.99	13,704,117.03	13,946,167.23	(242,050.20)	1,853,445.75	639.39%
Real Estate	56,034,811.15	56,944,398.70	57,326,902.85	(382,504.15)	62,671,236.36	-9.14%
Installment	51,822.91	52,304.77	53,086.84	(782.07)	57,229.25	-8.60%
Overdrafts & Loan Unposted	3,354.92	28,336.25	(59,277.22)	87,613.47	3,775.65	650.50%
Total Gross Loans	69,715,213.97	70,729,156.75	71,266,879.70	(537,722.95)	64,585,687.01	9.51%
Unearned	(152,194.27)	(159,762.09)	(171,721.79)	11,959.70	146,137.42	-209.32%
Loan Loss Reserve	(1,249,819.54)	(1,249,819.54)	(1,249,819.54)	-	(1,249,819.54)	0.00%
TOTAL NET LOANS	68,313,200.16	69,319,575.12	69,845,338.37	(525,763.25)	63,482,004.89	9.20%
FIXED ASSETS						
Land/Building/Leasehold	389,634.30	388,032.71	389,549.56	(1,516.85)	408,090.14	-4.91%
Vehicles	18,127.90	18,127.90	18,400.64	(272.74)	18,110.89	0.09%
Furniture/Fixture	306,491.80	306,641.33	311,749.91	(5,108.58)	299,627.39	2.34%
TOTAL PROPERTY	714,254.00	712,801.94	719,700.11	(6,898.17)	725,828.42	-1.79%
Letters of Credit	273,942.76	273,942.76	273,942.76	-	258,569.36	5.95%
Letters of Credit (contra)	(273,942.76)	(273,942.76)	(273,942.76)	-	(258,569.36)	5.95%
I.E.U. Loans	333,879.58	346,006.48	360,243.46	(14,236.98)	321,954.21	7.47%
I.E.U. Inv	117,276.64	124,802.38	113,996.03	10,806.35	143,998.86	-13.33%
Other Real Estate	-	-	-	-	-	0.00%
Other Assets	122,084.43	167,118.39	150,174.39	16,944.00	151,287.14	10.46%
TOTAL OTHER ASSETS	573,240.65	637,927.25	624,413.88	13,513.37	617,240.21	3.35%
TOTAL ASSETS	190,060,035.55	190,360,757.89	191,235,250.03	(874,492.14)	177,755,945.26	7.09%

FIRST NATIONAL BANK NORTHWEST FLORIDA
BALANCE SHEET
November 30, 2020

	Current MTD Balance	Current MTD Average	Previous MTD Average	Current Avg / Previous Avg Change	Current MTD Budget	Variance Current Avg /Budget (%)
LIABILITIES						
Demand Checking	36,891,569.70	37,744,075.19	38,729,629.43	(985,554.24)	36,405,155.32	3.68%
Achiever Checking	24,366,295.59	24,960,226.66	24,679,913.96	280,312.70	21,680,236.81	15.13%
First Preferred Checking	38,021,930.25	38,277,461.15	38,530,546.45	(253,085.30)	33,995,887.36	12.59%
Money Market Checking	46,433,991.67	44,975,061.91	44,968,938.66	6,123.25	38,875,437.06	15.69%
Regular Savings	3,625,187.33	3,583,433.52	3,404,154.15	179,279.37	3,834,679.14	-6.55%
TD's Under 100M Fixed	2,763,218.08	2,769,981.95	2,822,239.61	(52,257.66)	2,885,362.08	-4.00%
TD's Under 100M Variable	-	-	-	-	-	0.00%
TD's Over 100M Fixed	15,721,712.98	15,752,519.27	15,806,905.07	(54,385.80)	17,509,319.66	-10.03%
TD's Over 100M Variable	-	-	-	-	-	0.00%
IRA's Under 100M Fixed	1,354,788.58	1,354,661.09	1,357,141.30	(2,480.21)	1,378,607.42	-1.74%
IRA's Under 100M Variable	68,244.47	68,243.73	68,238.25	5.48	64,540.54	5.74%
IRA's Over 100M Fixed	549,947.08	549,820.59	548,995.61	824.98	553,201.14	-0.61%
IRA's Over 100M Variable	-	-	-	-	-	0.00%
TOTAL DEPOSITS	169,796,885.73	170,035,485.06	170,916,702.49	(881,217.43)	157,182,426.53	8.18%
OTHER LIABILITIES						
Accrued Expenses	129,666.68	248,089.85	316,116.78	(68,026.93)	187,378.59	32.40%
Fed Funds Purchased	-	-	-	-	-	0.00%
Other Borrowings/LOC & Advance	-	-	-	-	-	0.00%
TOTAL OTHER LIABILITIES	129,666.68	248,089.85	316,116.78	(68,026.93)	187,378.59	32.40%
CAPITAL						
Capital Stock	1,904,665.00	1,904,665.00	1,904,665.00	-	1,904,665.00	0.00%
Surplus	4,699,259.19	4,699,259.19	4,699,259.19	-	4,699,259.19	0.00%
Undivided Profits	11,981,492.74	11,981,492.74	11,981,492.74	-	11,833,395.38	1.25%
Net Unrealized Gain	258,619.35	254,741.22	268,075.52	(13,334.30)	330,161.84	-22.84%
Cur Period Earnings	1,289,446.86	1,237,024.83	1,148,938.31	88,086.52	1,618,658.73	-23.58%
TOTAL CAPITAL	20,133,483.14	20,077,182.98	20,002,430.76	74,752.22	20,386,140.14	-1.52%
TOTAL LIAB. & CAPITAL	190,060,035.55	190,360,757.89	191,235,250.03	(874,492.14)	177,755,945.26	7.09%

General Lending Limit - 12 CFR 32.3	3,168,702.50
Supplemental Lending Limit Program (SLLP)- 12 CFR 32.7	2,112,468.33
Total General 12 CFR 32.3 + SLLP 12 CFR 32.7	5,281,170.83

**FIRST NATIONAL BANK NORTHWEST FLORIDA
PROFIT & LOSS STATEMENT
November 30, 2020**

	Variance YTD				
	Current MTD Balance	Previous MTD Balance	YTD Balance	YTD Budget	Balance / Budget (%)
INCOME					
INVESTMENT INCOME					
Due From Time Deposits	84,960.00	91,800.00	1,269,205.98	1,237,703.38	2.55%
Due From Int Bearing Demand	1,615.62	1,908.35	105,547.56	102,040.99	3.44%
US Govt Securities	15,145.19	15,821.07	206,276.01	209,191.01	-1.39%
FHLB Dividends	960.11	437.89	10,419.85	12,115.25	-13.99%
FRB Dividends	979.80	1,012.46	10,940.53	10,926.74	0.13%
Fed Funds Sold	-	-	-	-	0.00%
TOTAL INT INCOME	103,660.72	110,979.77	1,602,389.93	1,571,977.37	1.93%
Commercial					
Commercial	15,181.38	15,934.89	150,387.69	138,207.36	8.81%
Real Estate	238,202.75	249,486.90	3,028,026.16	3,166,360.85	-4.37%
Installment	106.59	112.13	1,481.55	1,645.08	-9.94%
Service Fees - SBA & USDA	895.48	930.68	10,435.84	10,711.09	-2.57%
Loan Fees	18,684.65	18,197.28	68,967.79	305,998.53	-77.46%
Gain-Repo Assets	-	-	-	-	0.00%
Gain-Sec Market-Res Mtg	-	-	-	-	0.00%
Gain-Sec Market-SBA & USDA	-	-	-	-	0.00%
TOTAL LOAN INCOME	273,070.85	284,661.88	3,259,299.03	3,622,922.91	-10.04%
OTHER INCOME					
Service Charges & Safe Box	2,768.75	2,556.65	32,919.53	32,609.33	0.95%
Deposit Operations Fees	1,358.52	1,171.83	15,114.91	17,778.69	-14.98%
Other Income	-	-	76,879.88	84,877.88	-9.42%
TOTAL OTHER INCOME	4,127.27	3,728.48	124,914.32	135,265.90	-7.65%
TOTAL INCOME	380,858.84	399,370.13	4,986,603.28	5,330,166.18	-6.45%

FIRST NATIONAL BANK NORTHWEST FLORIDA
PROFIT & LOSS STATEMENT
November 30, 2020

	Current MTD Balance	Previous MTD Balance	YTD Balance	YTD Budget	Variance YTD Balance / Budget (%)
EXPENSE					
INTEREST EXPENSE					
Achiever Checking	1,488.67	2,645.36	67,197.54	75,548.86	-11.05%
First Preferred Checking	2,995.15	4,544.80	134,438.78	155,756.53	-13.69%
Money Market Checking	3,992.24	6,320.77	161,034.83	185,292.51	-13.09%
Regular Savings	147.28	144.50	1,969.93	2,348.06	-16.10%
TD's Under 100M Fixed	1,421.90	1,640.48	29,619.12	27,497.77	7.71%
TD's Under 100M Variable	-	-	-	-	0.00%
TD's Over 100M Fixed	10,820.12	11,487.07	170,941.53	150,288.32	13.74%
TD's Over 100M Variable	-	-	-	-	0.00%
IRA's Under 100M Fixed	915.04	1,145.82	14,304.73	11,924.35	19.96%
IRA's Under 100M Variable	7.14	10.68	662.40	671.66	-1.38%
IRA's Over 100M Fixed	453.68	605.78	7,164.58	5,581.05	28.37%
IRA's Over 100M Variable	-	-	-	-	0.00%
Fed Funds Purchase	-	-	-	-	0.00%
LOC Advance	-	-	6.02	-	0.00%
TOTAL INT EXPENSE	22,241.22	28,545.26	587,339.46	614,909.11	-4.48%
EMPLOYEE EXPENSE					
Salaries	124,265.58	145,736.96	1,568,067.70	1,519,991.07	3.16%
Employee Benefits	39,847.00	28,895.78	355,329.75	348,420.87	1.98%
TOTAL SAL/BENEFITS	164,112.58	174,632.74	1,923,397.45	1,868,411.94	2.94%
OTHER EXPENSES					
Advertising/Sponsorships	-	1,175.00	14,522.56	14,983.35	-3.08%
Assessments - FDIC & OCC	8,596.50	8,883.05	90,860.60	104,795.95	-13.30%
Building (net-rent)	24,022.83	27,352.97	301,402.06	311,841.65	-3.35%
Check Printing	148.28	57.62	1,182.13	1,850.70	-36.13%
Communications	1,661.96	1,698.92	18,009.82	17,629.66	2.16%
Computer Data Processing & Softw	30,625.62	28,845.56	317,421.98	302,610.33	4.89%
Computer Supplies & Maintenance	3,435.00	3,972.64	48,566.17	46,157.53	5.22%
Computer Info Security	-	-	-	1,002.00	-100.00%
Consulting Fees	-	-	-	-	0.00%
Contributions & Donations	-	-	3,370.96	1,500.00	124.73%
Customer/Public Re	1,210.16	425.92	7,902.98	7,891.38	0.15%
Debit Card Charges	(2,106.20)	(2,002.69)	(19,932.78)	(21,384.21)	-6.79%
Delivery - Courier - Other	2,935.52	2,499.65	30,289.15	29,854.48	1.46%
Directors Fees	2,550.00	2,550.00	32,550.00	36,748.00	-11.42%
Dues and Membershi	1,509.08	1,509.08	17,941.94	18,172.00	-1.27%
Education & Traini	103.75	103.75	1,756.25	1,865.75	-5.87%
Entertainment	234.53	416.89	5,392.18	5,972.20	-9.71%
External Exam & Audit	5,550.00	5,735.00	61,975.00	62,770.00	-1.27%
FF&E Maint & Supply	4,388.09	11,349.85	120,598.90	127,410.95	-5.35%
Hurricane Building Expense	-	-	-	-	0.00%
Hurricane Building Contra	-	-	-	-	0.00%
Hurricane Contents Expense	-	-	-	-	0.00%
Hurricane Contents Contra	-	-	-	-	0.00%
Hurricane Bus Interruption Exp	-	-	442.90	-	0.00%
Hurricane Bus Interruption Contra	-	-	-	-	0.00%
Hurricane Sign Expense	-	-	-	-	0.00%
Hurricane Sign Contra	-	-	-	-	0.00%
Ins Exp (Non Bldg)	1,152.53	491.94	6,636.75	6,171.44	7.54%
Legal Fees	-	-	662.50	962.50	-31.17%
Licenses	-	-	1,552.02	1,613.22	-3.79%
Loan Loss Provisio	-	-	-	-	0.00%
Miscellaneous Expense - Other	858.54	926.12	10,764.63	11,096.95	-2.99%
Miscellaneous Expense - Loan	732.73	278.96	9,357.01	11,079.92	-15.55%
Other Losses - Fraud Related	-	-	559.00	21,640.87	-97.42%
Other Losses	-	-	-	1,665.00	-100.00%
Other Real Estate	-	-	-	-	0.00%
Over & Short	99.00	0.05	(543.99)	343.97	-258.15%
Professional Servi	228.75	228.75	12,542.73	10,825.37	15.86%
Repossessions	-	-	-	-	0.00%
Service Charges - Due from Banks	1,963.01	1,972.56	21,058.90	19,201.26	9.67%
Stationary/Supplie	2,579.99	3,355.02	35,883.63	31,763.02	12.97%
Subscriptions - Publications Manual	464.86	464.86	9,293.67	9,599.96	-3.19%
Taxes (Non Bldg)	2,508.80	399.48	6,831.06	4,286.86	59.35%
Travel	-	341.55	4,766.47	11,693.23	-59.24%
Vehicle Maint & Supply	507.23	1,179.65	12,802.33	15,521.11	-17.52%
TOTAL OTHER EXPENSE	95,960.56	104,212.15	1,186,419.51	1,229,136.40	-3.48%
TOTAL EXPENSE	282,314.36	307,390.15	3,697,156.42	3,712,457.45	-0.41%
NET INC BEFORE TAXES	98,544.48	91,979.98	1,289,446.86	1,617,708.73	-20.29%
INCOME TAXES	-	-	-	-	0.00%
NET INCOME	98,544.48	91,979.98	1,289,446.86	1,617,708.73	-20.29%

**FIRST NATIONAL BANK NORTHWEST FLORIDA
MAIN BRANCH BALANCE SHEET
November 30, 2020**

	Current MTD Balance	Current MTD Average	Previous MTD Average	Change
ASSETS				
Cash and Cash Items	1,106,200.76	1,248,759.65	1,081,947.23	166,812.42
Due From-Time Deposits	91,590,000.00	91,230,731.34	89,419,709.66	1,811,021.68
Due From Int Bearing Demand	20,306,289.86	19,613,640.78	21,700,777.71	(2,087,136.93)
Due From Non Int Bear Demand	246,473.24	258,700.39	252,504.10	6,196.29
Total Case & Due From	113,248,963.86	112,351,832.16	112,454,938.70	(103,106.54)
INVESTMENTS				
Securities	6,459,878.26	6,601,221.16	6,841,727.51	(240,506.35)
FHLB Stock	259,400.00	259,400.00	259,400.00	-
FRB Stock	198,150.00	198,150.00	198,150.00	-
Fed Funds Sold	-	-	-	-
TOTAL INVESTMENTS	6,917,428.26	7,058,771.16	7,299,277.51	(240,506.35)
LOANS				
Commercial	13,144,782.80	13,108,631.55	13,311,701.98	(203,070.43)
Real Estate	52,314,651.59	53,272,263.31	53,711,118.80	(438,855.49)
Installment	51,822.91	52,304.77	53,086.84	(782.07)
Overdrafts & Loan Unposted	3,202.03	27,318.24	(60,026.80)	87,345.04
Total Gross Loans	65,514,459.33	66,460,517.87	67,015,880.82	(555,362.95)
Unearned	(131,871.67)	(135,214.62)	(145,299.03)	10,084.41
Loan Loss Reserve	(1,249,965.36)	(1,249,965.36)	(1,249,965.36)	-
TOTAL NET LOANS	64,132,622.30	65,075,337.89	65,620,616.43	(545,278.54)
FIXED ASSETS				
Land/Building/Leasehold	303,940.43	303,940.43	305,646.93	(1,706.50)
Vehicles	18,127.90	18,127.90	18,400.64	(272.74)
Furniture/Fixture	297,188.46	297,294.84	302,145.97	(4,851.13)
TOTAL PROPERTY	619,256.79	619,363.17	626,193.54	(6,830.37)
Letters of Credit	273,942.76	273,942.76	273,942.76	-
Letters of Credit (contra)	(273,942.76)	(273,942.76)	(273,942.76)	-
I.E.U. Loans	319,432.28	332,234.88	345,812.34	(13,577.46)
I.E.U. Inv	117,276.64	124,802.38	113,996.03	10,806.35
Other Real Estate	-	-	-	-
Other Assets	122,084.43	167,118.39	150,174.39	16,944.00
TOTAL OTHER ASSETS	558,793.35	624,155.65	609,982.76	14,172.89
TOTAL ASSETS	185,477,064.56	185,729,460.03	186,611,008.94	(881,548.91)

**FIRST NATIONAL BANK NORTHWEST FLORIDA
MAIN BRANCH BALANCE SHEET
November 30, 2020**

	Current MTD Balance	Current MTD Average	Previous MTD Average	Current Avg / Previous Avg Change
LIABILITIES				
Demand Checking	28,031,400.19	28,880,953.22	29,094,803.00	(213,849.78)
Achiever Checking	15,576,913.87	16,105,483.76	16,001,158.33	104,325.43
First Preferred Checking	33,527,001.32	33,776,944.93	33,934,250.96	(157,306.03)
Money Market Checking	40,174,891.51	37,500,539.85	35,817,399.51	1,683,140.34
Regular Savings	2,848,663.22	2,806,451.18	2,657,441.86	149,009.32
TD's Under 100M Fixed	2,313,254.11	2,318,360.12	2,362,357.22	(43,997.10)
TD's Under 100M Variable	-	-	-	-
TD's Over 100M Fixed	14,982,839.77	15,013,646.06	15,068,117.36	(54,471.30)
TD's Over 100M Variable	-	-	-	-
IRA's Under 100M Fixed	957,203.74	957,095.48	960,326.13	(3,230.65)
IRA's Under 100M Variable	48,941.38	48,941.38	48,940.16	1.22
IRA's Over 100M Fixed	549,947.08	549,820.59	548,995.61	824.98
IRA's Over 100M Variable	-	-	-	-
TOTAL DEPOSITS	139,011,056.19	137,958,236.57	136,493,790.14	1,464,446.43
OTHER LIABILITIES				
Accrued Expenses	117,737.56	235,664.82	303,117.20	(67,452.38)
Fed Funds Purchased	-	-	-	-
Other Borrowings/LOC & Advance	-	-	-	-
TOTAL OTHER LIABILITIES	117,737.56	235,664.82	303,117.20	(67,452.38)
CAPITAL				
Capital Stock	1,904,665.00	1,904,665.00	1,904,665.00	-
Surplus	4,699,259.19	4,699,259.19	4,699,259.19	-
Undivided Profits	11,981,492.74	11,981,492.74	11,981,492.74	-
Net Unrealized Gain	258,619.35	254,741.22	268,075.52	(13,334.30)
Cur Period Earnings	1,503,491.54	1,448,178.81	1,341,819.99	106,358.82
TOTAL CAPITAL	20,347,527.82	20,288,336.96	20,195,312.44	93,024.52
TOTAL LIAB. & CAPITAL	159,476,321.57	158,482,238.35	156,992,219.78	1,490,018.57

FIRST NATIONAL BANK NORTHWEST FLORIDA
MAIN BRANCH PROFIT & LOSS STATEMENT
November 30, 2020

	Current MTD Balance	Previous MTD Balance	YTD Balance
INCOME			
INVESTMENT INCOME			
Due From Time Deposits	84,960.00	91,800.00	1,269,205.98
Due From Int Bearing Demand	1,615.62	1,908.35	105,547.56
US Govt Securities	15,145.19	15,821.07	206,276.01
FHLB Dividends	960.11	437.89	10,419.85
FRB Dividends	979.80	1,012.46	10,940.53
Fed Funds Sold	-	-	-
TOTAL INT INCOME	<u>103,660.72</u>	<u>110,979.77</u>	<u>1,602,389.93</u>
LOAN INCOME			
Commercial	14,608.00	15,288.57	145,318.65
Real Estate	221,255.23	232,070.60	2,848,815.37
Installment	106.59	112.13	1,481.55
Service Fees - SBA & USDA	895.48	930.68	10,435.84
Loan Fees	12,576.60	16,747.10	38,490.67
Gain-Repo Assets	-	-	-
Gain-Sec Market-Res Mtg	-	-	-
Gain-Sec Market-SBA & USDA	-	-	-
TOTAL LOAN INCOME	<u>249,441.90</u>	<u>265,149.08</u>	<u>3,044,542.08</u>
OTHER INCOME			
Service Charges & Safe Box	2,238.25	2,033.15	25,494.68
Deposit Operations Fees	1,070.00	792.53	10,703.91
Other Income	-	-	76,879.88
TOTAL OTHER INCOME	<u>3,308.25</u>	<u>2,825.68</u>	<u>113,078.47</u>
TOTAL INCOME	<u><u>356,410.87</u></u>	<u><u>378,954.53</u></u>	<u><u>4,760,010.48</u></u>

**FIRST NATIONAL BANK NORTHWEST FLORIDA
MAIN BRANCH PROFIT & LOSS STATEMENT**

November 30, 2020

	Current MTD Balance	Previous MTD Balance	YTD Balance
EXPENSE			
INTEREST EXPENSE			
Achiever Checking	979.37	1,685.68	42,935.74
First Preferred Checking	2,697.33	4,067.64	120,161.21
Money Market Checking	3,386.70	4,889.82	136,073.50
Regular Savings	115.34	112.80	1,491.16
TD's Under 100M Fixed	1,239.39	1,399.81	25,730.16
TD's Under 100M Variable	-	-	-
TD's Over 100M Fixed	10,613.34	11,273.42	167,345.79
TD's Over 100M Variable	-	-	-
IRA's Under 100M Fixed	678.33	817.80	10,402.41
IRA's Under 100M Variable	5.32	8.32	279.36
IRA's Over 100M Fixed	453.68	605.78	6,891.56
IRA's Over 100M Variable	-	-	-
Fed Funds Purchase	-	-	-
LOC Advance	-	-	6.02
TOTAL INT EXPENSE	20,168.80	24,861.07	511,316.91
EMPLOYEE EXPENSE			
Salaries	107,659.41	133,396.56	1,416,981.20
Employee Benefits	36,320.34	25,878.81	319,128.13
TOTAL SAL/BENEFITS	143,979.75	159,275.37	1,736,109.33
OTHER EXPENSES			
Advertising/Sponsorships	-	1,175.00	14,522.56
Assessments - FDIC & OCC	7,831.20	8,092.24	83,590.90
Building (net-rent)	15,867.30	18,648.35	214,811.98
Check Printing	77.16	48.02	904.33
Communications	1,298.40	1,310.47	14,005.87
Computer Data Processing & Software	26,271.42	23,508.81	262,731.02
Computer Supplies & Maintenance	3,435.00	3,972.64	48,566.17
Computer Info Security	-	-	-
Consulting Fees	-	-	-
Contributions & Donations	-	-	3,370.96
Customer/Public Re	1,141.06	425.92	7,581.25
Debit Card Charges	(2,106.20)	(2,002.69)	(19,932.78)
Delivery - Courier - Other	2,568.62	2,137.80	26,207.23
Directors Fees	2,550.00	2,550.00	32,550.00
Dues and Membershi	1,509.08	1,509.08	17,151.94
Education & Traini	103.75	103.75	1,756.25
Entertainment	234.53	416.89	5,392.18
External Exam & Audit	5,550.00	5,735.00	61,975.00
FF&E Maint & Supply	3,065.09	9,977.14	108,375.96
Hurricane Building Expense	-	-	-
Hurricane Building Contra	-	-	-
Hurricane Contents Expense	-	-	-
Hurricane Contents Contra	-	-	-
Hurricane Business Interruption Expense	-	-	442.90
Hurricane Business Interruption Contra	-	-	-
Hurricane Sign Expense	-	-	-
Hurricane Sign Contra	-	-	-
Ins Exp (Non Bldg)	1,152.53	491.94	6,636.75
Legal Fees	-	-	662.50
Licenses	-	-	1,312.07
Loan Loss Provisio	-	-	-
Miscellaneous Expense - Other	821.58	889.16	9,984.58
Miscellaneous Expense - Loan	742.73	278.96	9,367.01
Other Losses - Fraud Related	-	-	559.00
Other Losses	-	-	-
Other Real Estate	-	-	-
Over & Short	99.00	(125.00)	(524.69)
Professional Servi	114.38	114.38	11,095.97
Repossessions	-	-	-
Service Charges - Due from Banks	1,963.01	1,972.56	21,058.90
Stationary/Supplie	2,304.77	2,570.49	31,730.41
Subscriptions - Publications Manuals	464.86	464.86	9,293.67
Taxes (Non Bldg)	2,351.44	371.48	6,344.01
Travel	-	341.55	4,766.47
Vehicle Maint & Supply	507.23	1,179.65	12,802.33
TOTAL OTHER EXPENSE	79,917.94	86,158.45	1,009,092.70
TOTAL EXPENSE	244,066.49	270,294.89	3,256,518.94
NET INC BEFORE TAXES	112,344.38	108,659.64	1,503,491.54
INCOME TAXES	-	-	-
NET INCOME	112,344.38	108,659.64	1,503,491.54

**FIRST NATIONAL BANK NORTHWEST FLORIDA
BEACH BRANCH BALANCE SHEET
November 30, 2020**

	Current MTD Balance	Current MTD Average	Previous MTD Average	Change
ASSETS				
Cash and Cash Items	292,948.62	279,850.26	291,581.46	(11,731.20)
Total Cash & Due From	292,948.62	279,850.26	291,581.46	(11,731.20)
LOANS				
Commercial	480,442.19	595,485.48	634,465.25	(38,979.77)
Real Estate	3,720,159.56	3,672,135.39	3,615,784.05	56,351.34
Installment	-	-	-	-
Overdrafts & Loan Unposted	152.89	1,018.01	749.58	268.43
Total Gross Loans	4,200,754.64	4,268,638.88	4,250,998.88	17,640.00
Unearned	(20,322.60)	(24,547.47)	(26,422.76)	1,875.29
Loan Loss Reserve	145.82	145.82	145.82	-
TOTAL NET LOANS	4,180,577.86	4,244,237.23	4,224,721.94	19,515.29
FIXED ASSETS				
Land/Building/Leasehold	85,693.87	84,092.28	83,902.63	189.65
Furniture/Fixture	9,303.34	9,346.49	9,603.94	(257.45)
TOTAL PROPERTY	94,997.21	93,438.77	93,506.57	(67.80)
Letters of Credit	-	-	-	-
Letters of Credit (contra)	-	-	-	-
I.E.U. Loans	14,447.30	13,771.60	14,431.12	(659.52)
Other Real Estate	-	-	-	-
Other Assets	-	-	-	-
TOTAL OTHER ASSETS	14,447.30	13,771.60	14,431.12	(659.52)
TOTAL ASSETS	4,582,970.99	4,631,297.86	4,624,241.09	7,056.77

**FIRST NATIONAL BANK NORTHWEST FLORIDA
BEACH BRANCH BALANCE SHEET
November 30, 2020**

	Current MTD Balance	Current MTD Average	Previous MTD Average	Current Avg / Previous Avg Change
LIABILITIES				
Demand Checking	8,860,169.51	8,863,121.97	9,634,826.43	(771,704.46)
Achiever Checking	8,789,381.72	8,854,742.90	8,678,755.63	175,987.27
First Preferred Checking	4,494,928.93	4,500,516.22	4,596,295.49	(95,779.27)
Money Market Checking	6,259,100.16	7,474,522.06	9,151,539.15	(1,677,017.09)
Regular Savings	776,524.11	776,982.34	746,712.29	30,270.05
TD's Under 100M Fixed	449,963.97	451,621.83	459,882.39	(8,260.56)
TD's Under 100M Variable	-	-	-	
TD's Over 100M Fixed	738,873.21	738,873.21	738,787.71	85.50
TD's Over 100M Variable	-	-	-	
IRA's Under 100M Fixed	397,584.84	397,565.61	396,815.17	750.44
IRA's Under 100M Variable	19,303.09	19,302.35	19,298.09	4.26
IRA's Over 100M Fixed	-	-	-	-
IRA's Over 100M Variable	-	-	-	-
TOTAL DEPOSITS	30,785,829.54	32,077,248.49	34,422,912.35	(2,345,663.86)
OTHER LIABILITIES				
Accrued Expenses	11,929.12	12,425.03	12,999.58	(574.55)
TOTAL OTHER LIABILITIES	11,929.12	12,425.03	12,999.58	(574.55)
CAPITAL				
Cur Period Earnings	(214,044.68)	(211,153.98)	(192,881.68)	(18,272.30)
TOTAL CAPITAL	(214,044.68)	(211,153.98)	(192,881.68)	(18,272.30)
TOTAL LIAB. & CAPITAL	30,583,713.98	31,878,519.54	34,243,030.25	(2,364,510.71)

**FIRST NATIONAL BANK NORTHWEST FLORIDA
 BEACH BRANCH PROFIT & LOSS STATEMENT
 November 30, 2020**

	Current MTD Balance	Previous MTD Balance	YTD Balance
INCOME			
Commercial	573.38	646.32	5,069.04
Real Estate	16,947.52	17,416.30	179,210.79
Installment	-	-	-
Service Fees - SBA & USDA	-	-	-
Loan Fees	6,108.05	1,450.18	30,477.12
Gain-Repo Assets	-	-	-
TOTAL LOAN INCOME	23,628.95	19,512.80	214,756.95
OTHER INCOME			
Service Charges & Safe Box	530.50	523.50	7,424.85
Deposit Operations Fees	288.52	379.30	4,411.00
Other Income	-	-	-
TOTAL OTHER INCOME	819.02	902.80	11,835.85
TOTAL INCOME	24,447.97	20,415.60	226,592.80

**FIRST NATIONAL BANK NORTHWEST FLORIDA
BEACH BRANCH PROFIT & LOSS STATEMENT**

November 30, 2020

	Current MTD Balance	Previous MTD Balance	YTD Balance
EXPENSE			
INTEREST EXPENSE			
Achiever Checking	509.30	959.68	24,261.80
First Preferred Checking	297.82	477.16	14,277.57
Money Market Checking	605.54	1,430.95	24,961.33
Regular Savings	31.94	31.70	478.77
TD's Under 100M Fixed	182.51	240.67	3,888.96
TD's Under 100M Variable	-	-	-
TD's Over 100M Fixed	206.78	213.65	3,595.74
TD's Over 100M Variable	-	-	-
IRA's Under 100M Fixed	236.71	328.02	3,902.32
IRA's Under 100M Variable	1.82	2.36	383.04
IRA's Over 100M Fixed	-	-	273.02
IRA's Over 100M Variable	-	-	-
TOTAL INT EXPENSE	2,072.42	3,684.19	76,022.55
EMPLOYEE EXPENSE			
Salaries	16,606.17	12,340.40	151,086.50
Employee Benefits	3,526.66	3,016.97	36,201.62
TOTAL SAL/BENEFITS	20,132.83	15,357.37	187,288.12
OTHER EXPENSES			
Advertising/Sponsorships	-	-	-
Assessments - FDIC & OCC	765.30	790.81	7,269.70
Building (net-rent)	8,155.53	8,704.62	86,590.08
Check Printing	71.12	9.60	277.80
Communications	363.56	388.45	4,003.95
Computer Data Processing & Software	4,354.20	5,336.75	54,690.96
Computer Supplies & Maintenance	-	-	-
Consulting Fees	-	-	-
Contributions & Donations	-	-	-
Customer/Public Re	69.10	-	321.73
Debit Card Charges	-	-	-
Delivery - Courier - Other	366.90	361.85	4,081.92
Directors Fees	-	-	-
Dues and Membershi	-	-	790.00
Education & Traini	-	-	-
Entertainment	-	-	-
External Exam & Audit	-	-	-
FF&E Maint & Supply	1,323.00	1,372.71	12,222.94
Hurricane Sign Expense	-	-	-
Hurricane Sign Contra	-	-	-
Ins Exp (Non Bldg)	-	-	-
Legal Fees	-	-	-
Licenses	-	-	239.95
Loan Loss Provisio	-	-	-
Miscellaneous Expense - Other	36.96	36.96	780.05
Miscellaneous Expense - Loan	(10.00)	-	(10.00)
Other Losses - Fraud Related	-	-	-
Other Losses	-	-	-
Other Real Estate	-	-	-
Over & Short	-	125.05	(19.30)
Professional Servi	114.37	114.37	1,446.76
Repossessions	-	-	-
Service Charges - Due from Banks	-	-	-
Stationary/Supplie	275.22	784.53	4,153.22
Subscriptions - Publications Manuals	-	-	-
Taxes (Non Bldg)	157.36	28.00	487.05
Travel	-	-	-
Vehicle Maint & Supply	-	-	-
TOTAL OTHER EXPENSE	16,042.62	18,053.70	177,326.81
TOTAL EXPENSE	38,247.87	37,095.26	440,637.48
NET INC BEFORE TAXES	(13,799.90)	(16,679.66)	(214,044.68)
INCOME TAXES			
NET INCOME	(13,799.90)	(16,679.66)	(214,044.68)

FIRST NATIONAL BANK NORTHWEST FLORIDA
YIELD INTEREST EARNING ASSETS TO INTEREST BEARING LIABILITIES
November 30, 2020

	CURRENT MTD AVERAGE OUTSTANDING	CURRENT MTD INCOME/ EXPENSE	YIELD	PRIOR YEAR SAME MONTH YIELD
INTEREST EARNING ASSETS				
INVESTMENTS				
Due From CDs	91,230,731.34	84,960.00	1.13%	2.34%
Due from Interest Bearing Demand	19,613,640.78	1,615.62	0.10%	1.57%
US Govt Securities	6,601,221.16	15,145.19	2.79%	2.90%
State of Florida - Cash Deposit Fund	-	-	0.00%	0.00%
FHLB Stock	259,400.00	960.11	4.50%	6.15%
FRB Stock	198,150.00	979.80	6.02%	6.02%
Fed Funds Sold	-	-	0.00%	0.00%
TOTAL INVESTMENTS	117,903,143.28	103,660.72	1.07%	2.18%
LOANS				
Commercial	13,704,117.03	15,181.38	1.35%	6.30%
Real Estate	56,944,398.70	238,202.75	5.09%	5.84%
Consumer	52,304.77	106.59	2.48%	3.21%
TOTAL LOANS	70,700,820.50	253,490.72	4.36%	5.86%
TOTAL INT EARNING ASSETS	188,603,963.78	357,151.44	2.30%	3.59%
INTEREST BEARING LIABILITIES				
Achiever Checking	24,960,226.66	1,488.67	0.07%	0.67%
First Preferred Checking	38,277,461.15	2,995.15	0.10%	0.86%
Money Market Checking	44,975,061.91	3,992.24	0.11%	1.05%
Regular Savings	3,583,433.52	147.28	0.05%	0.25%
CD's Fixed Under \$100,000	2,769,981.95	1,421.90	0.62%	1.43%
CD's Variable Under \$100,000	-	-	0.00%	0.00%
CD's Fixed Over \$100,000	15,752,519.27	10,820.12	0.84%	1.59%
CD's Variable Over \$100,000	-	-	0.00%	0.00%
IRA's Fixed Under \$100,000	1,354,661.09	915.04	0.82%	1.49%
IRA's Variable Under \$100,000	68,243.73	7.14	0.13%	1.36%
IRA's Fixed Over \$100,000	549,820.59	453.68	1.00%	1.55%
IRA's Variable Over \$100,000	-	-	0.00%	0.00%
Fed Funds Purchased	-	-	0.00%	0.00%
LOCs & Advances	-	-	0.00%	0.00%
TOTAL INT BEARING LIAB	132,291,409.87	22,241.22	0.20%	0.98%
NET INTEREST SPREAD			2.10%	2.61%
NET INTEREST MARGIN			2.16%	2.91%

FIRST NATIONAL BANK NORTHWEST FLORIDA
INVESTMENTS REPORT
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*(PLEGGED)

DESCRIPTION	PAR VALUE	PURCHASE DATE	MATURITY DATE	COUPON	YIELD	BOOK VALUE	MARKET VALUE	RATING	CALL FEATURES
Securities-Available for Sale (AFS)									
GNMA II 8737-36202KV69	13.44	09/26/95	01/20/21	3.000	2.679	13.44	13.46	AAA	N/A
GNMA II 8911-36202KYG4	319.72	09/26/94	07/20/21	2.500	1.614	319.72	320.81	AAA	N/A
GNMA II 8839-36202KZC2	191.42	05/22/95	09/20/21	2.250	1.003	191.42	191.44	AAA	N/A
GNMA II 8853-36202KZS7	544.05	09/26/95	10/20/21	3.125	3.132	544.05	546.38	AAA	N/A
GNMA II 8883-36202KZQ7	283.35	05/22/95	12/20/21	3.125	3.134	283.35	284.68	AAA	N/A
GNMA II 8915-36202K3Y9	1,005.67	01/24/96	02/20/22	3.000	2.995	1,005.67	1,013.91	AAA	N/A
GNMA II 8915-36202K3Y9	1,005.67	09/26/95	02/20/22	3.000	2.995	1,005.67	1,013.91	AAA	N/A
GNMA II 8936-36202K4V4	653.12	05/31/95	03/20/22	3.000	2.995	653.12	659.53	AAA	N/A
GNMA II 8956-36202K5R2	600.13	09/26/95	04/20/22	2.875	2.879	600.13	608.43	AAA	N/A
GNMA II 8956-36202K5R2	857.34	02/28/96	04/20/22	2.875	2.869	857.34	869.20	AAA	N/A
GNMA II 8976-36202K6M2	710.69	05/22/95	05/20/22	2.875	2.870	710.69	721.69	AAA	N/A
GNMA II 8059-36202J5U8	812.03	10/27/92	10/20/22	3.125	3.118	812.03	814.70	AAA	N/A
GNMA II 8163-36202KB87	1,122.28	09/26/94	03/20/23	3.000	3.005	1,122.28	1,131.96	AAA	N/A
GNMA II 8228-36202KD93	1,325.42	02/28/96	07/20/23	2.250	1.213	1,325.42	1,349.55	AAA	N/A
GNMA II 8445-36202KL29	2,344.87	09/26/94	06/20/24	2.875	2.876	2,344.78	2,404.90	AAA	N/A
GNMA II 8559-36202KQL2	1,318.29	04/24/01	12/20/24	3.125	3.122	1,318.29	1,325.16	AAA	N/A
GNMA II 8699-36202KUY9	1,241.16	09/26/95	09/20/25	2.250	1.209	1,241.16	1,285.20	AAA	N/A
GNMA II 36202FV52	148,405.30	09/19/11	08/20/26	4.000	3.644	149,194.45	157,891.63	AAA	N/A
GNMA II 80011-36225CAM8	1,759.77	05/22/97	11/20/26	3.125	3.123	1,759.77	1,817.44	AAA	N/A
GNMA II 80021-36225CAK4	2,565.66	03/01/00	12/20/26	3.125	3.124	2,565.66	2,586.13	AAA	N/A
GNMA II 80085-36225CCK2	1,486.90	06/24/97	06/20/27	2.875	2.873	1,486.98	1,541.13	AAA	N/A
GNMA II 783707-3622A2DL3	206,478.03	02/19/14	01/15/28	2.500	2.135	207,287.26	215,049.95	AAA	N/A
GNMA II MA0986-36179NCX4	258,606.63	04/29/14	04/20/28	2.500	2.055	260,040.60	270,130.84	AAA	N/A
GNMA II MA1573-36179NXA1	188,255.45	03/31/14	12/20/28	3.000	2.401	189,725.48	197,684.50	AAA	N/A
GNMA II MA1572-36179NW95	214,551.41	01/28/14	01/20/29	2.500	2.245	215,184.31	223,626.40	AAA	N/A
SBIC 831641FM2	878,009.60	03/20/19	03/10/29	3.113	3.035	882,529.18	934,072.27	AAA	N/A
GNMA II MA1809-36179QAJ0	215,167.59	04/29/14	04/20/29	2.500	2.097	215,965.77	224,303.18	AAA	N/A
GNMA II MA3005-36179RKS7	361,578.16	08/18/15	04/20/29	2.500	1.640	365,527.52	377,725.94	AAA	N/A
GNMA MA3006-36179RKT5	289,830.15	08/18/15	08/20/30	3.000	1.755	293,991.13	304,405.40	AAA	N/A
FNMA REMIC 31392JM71	5,814.12	02/28/03	03/25/33	4.000	4.000	5,813.98	6,263.33	AAA	N/A
SBA Pool 523408-83190AAH6	121,702.22	07/22/11	12/01/34	6.646	5.565	121,783.58	120,546.05	AAA	N/A
GNMA II 36202EWW7	5,232.23	10/31/08	10/20/38	6.002	6.002	5,232.18	6,054.95	AAA	N/A
GNMA II 36202E6F1	184,433.32	06/26/09	06/20/39	5.500	5.236	185,155.52	220,194.53	AAA	N/A
GNMA II 36202FUF1	98,114.61	06/27/11	06/20/41	4.500	3.826	98,765.81	109,415.74	AAA	N/A
GNMA II 36202FXB7	246,808.24	09/21/11	09/20/41	4.000	3.136	248,928.89	274,108.68	AAA	N/A
GNMA II 5203-36202FX84	251,674.96	10/20/11	10/20/41	4.000	3.165	254,010.93	279,618.90	AAA	N/A
GNMA II 36179MLX6	175,219.98	09/24/12	08/20/42	2.250	0.801	175,874.50	181,860.49	AAA	N/A
GNMA 36179TVS1	378,447.82	05/06/19	04/20/46	3.000	3.283	378,159.12	388,404.06	AAA	N/A
GNMA 36179UQR6	361,775.25	05/06/19	04/20/49	3.000	3.118	361,243.48	370,935.42	AAA	N/A
**GNMA II 36179TTX3	372,442.57	04/18/19	03/20/48	3.000	3.000	371,794.98	382,197.12	AAA	N/A
TOTAL - Agency Securities-AFS	4,982,708.62					5,006,369.64	5,264,988.99		
Securities-Held to Maturity (HTM)									
STATE OF GA 373384ZR0	500,000.00	05/28/13	07/01/30	3.200	3.200	500,000.00	517,870.00	AAA	7/1/2022
MCALLEN TX 579100S22	500,000.00	06/04/13	02/15/30	4.000	3.274	507,456.63	539,715.00	AAA	2/15/2023
GNMA II 8627-36202KSQ9	730.66	12/21/95	05/20/25	2.875	2.874	730.66	744.79	AAA	N/A
GNMA II 8710-36202KVB8	630.76	04/22/08	10/20/25	3.125	3.120	630.76	649.13	AAA	N/A
**GNMA II 4847-36202FL46	116,326.16	11/16/10	11/20/25	4.000	3.655	116,775.11	123,069.77	AAA	N/A
**GNMA II 737839-3620ARV81	67,383.34	01/24/11	01/15/26	3.000	3.015	67,377.09	70,578.55	AAA	N/A
GNMA II 8913-36202K3W3	592.02	07/24/96	07/20/26	2.250	1.236	592.02	610.20	AAA	N/A
GNMA II 80053-36225CBX3	1,327.91	05/22/97	03/20/27	3.000	3.000	1,328.00	1,374.09	AAA	N/A
TOTAL - Securities-HTM	1,186,990.85					1,194,889.27	1,254,608.53		
TOTAL SECURITIES	6,169,699.47					6,201,258.91	6,519,597.52		
INVESTMENTS-OTHER									
DUE FROM TIME DEPOSITS - see following page				Average	1.123	91,590,000.00			
FED FUNDS SOLD				Estimated	0.100				
INTEREST BEARING DEPOSITS				Estimated	0.100	20,306,289.86			
						111,896,289.86			
TOTAL INVESTMENTS						118,097,548.77			
TOTAL AVG ASSETS						185,887,793.04			
TOTAL INVESTMENTS AS A PERCENTAGE OF TOTAL ASSETS (BENCHMARK 15% TO 60%)						63.53%			
FEDERAL RESERVE BANK STOCK				Estimated	6.000	198,150.00			
FEDERAL HOME LOAN BANK STOCK				Estimated	3.750	259,400.00			
						457,550.00			
**Securities Pledged - AFS	372,442.57					371,794.98	382,197.12		
**Securities Pledged - HTM	183,709.50					184,152.20	193,645.32		
Total Pledge-Public Funds	556,152.07					555,947.18	575,842.44		

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TIME DEPOSITS

INVESTMENTS - DUE FROM TIME DEPOSITS	PURCHASE DATE	MATURITY DATE	COUPON	YIELD	BOOK VALUE	TERM	PENALTY
VISIONBANK	12/02/19	12/01/20	1.820	1.820	250,000.00	12 Months	3 Months Interest
BAC FLORIDA BANK	03/13/20	12/08/20	0.750	0.750	250,000.00	270 Days	
CENTRUST BANK NA	03/13/20	12/08/20	0.745	0.745	250,000.00	270 Days	3 Months Interest
EUREKA HOMESTEAD	03/16/20	12/11/20	0.441	0.441	249,000.00	270 Days	4 Months Interest
FAIRFIELD NATIONAL BANK	03/16/20	12/11/20	0.455	0.455	250,000.00	270 Days	6 Months Interest
FIRST COMMUNITY BANK OF THE HEARTLAND INC	03/16/20	12/11/20	0.501	0.501	250,000.00	270 Days	3 Months Interest
PINNACLE BANK	03/16/20	12/11/20	0.450	0.450	249,000.00	270 Days	90 Days Interest
C3BANK NATIONAL ASSOCIATION	03/19/20	12/14/20	0.760	0.760	250,000.00	270 Days	3 Months Interest
FIRST REPUBLIC BANK	03/17/20	12/14/20	0.600	0.600	250,000.00	270 Days	
ROLLSTONE BANK & TRUST	03/19/20	12/14/20	0.601	0.601	250,000.00	270 Days	300 Days Interest
SEATTLE BANK	12/23/19	12/22/20	1.810	1.810	250,000.00	12 Months	90 Days Interest
AMPLIFY FCU	01/02/14	01/02/21	2.250	2.250	249,000.00	84 Months	12 Months Interest
MODERN BANK NA	01/10/20	01/11/21	1.800	1.800	249,000.00	12 Months	30 Days Interest
ASIAN PACIFIC NATIONAL BANK	04/17/20	01/12/21	0.550	0.550	250,000.00	270 Days	90 Days Interest
GRAND BANK	04/17/20	01/12/21	0.750	0.750	250,000.00	270 Days	90 Days Interest
BYLINE BANK	01/17/20	01/16/21	1.790	1.790	250,000.00	12 Months	90 Days Interest
FIRST NATIONAL BANK OF OTTAWA	01/17/20	01/16/21	1.800	1.800	250,000.00	12 Months	91 Days Interest
OTTAWA SAVINGS BANK	02/24/20	01/19/21	1.710	1.710	249,000.00	11 Months	90 Days Interest
LAKE AREA BANK	01/21/20	01/20/21	1.780	1.780	249,000.00	12 Months	1%
ROUNDBANK	01/21/20	01/20/21	1.780	1.780	250,000.00	12 Months	7 Days Interest
STATE BANK OF TEXAS	01/21/20	01/20/21	1.750	1.750	250,000.00	12 Months	30 Days Interest
HORIZON BANK	01/22/20	01/21/21	1.750	1.750	250,000.00	12 Months	3 Months Interest
GENESSEE REGIONAL BANK	04/28/20	01/22/21	0.354	0.354	250,000.00	270 Days	NOT PERMITTED
OCEAN BANK	04/27/20	01/22/21	0.400	0.400	249,000.00	270 Days	90 Days Interest
FINANCIAL FEDERAL BANK TN	04/29/20	01/29/21	0.650	0.650	250,000.00	270 Days	90 Days Interest
NEWTOWN SAVINGS BANK	05/07/20	02/01/21	0.360	0.360	250,000.00	270 Days	Not Permitted
AMERICAN NATIONAL BANK	08/09/19	02/08/21	2.000	2.000	250,000.00	18 Months	180 Days Interest
BANK OF WASHINGTON	08/09/19	02/08/21	2.000	2.000	249,000.00	18 Months	4%
SUMMIT STATE BANK	08/09/19	02/08/21	2.000	2.000	250,000.00	18 Months	6 Months Interest
FIRST NATIONAL BANK ME	02/14/20	02/13/21	1.701	1.701	250,000.00	12 Months	
GREAT PLAINS BANK	02/14/20	02/13/21	1.700	1.700	250,000.00	12 Months	6 Months Interest
NORTHPOINTE BANK	02/14/20	02/13/21	1.700	1.700	250,000.00	12 Months	90 Days Interest
SOUTHERN STATES BANK	02/14/20	02/13/21	1.700	1.700	249,000.00	12 Months	
WALLIS BANK	02/15/19	02/15/21	2.980	2.980	249,000.00	24 Months	3 Months Interest
MARLIN BUSINESS BANK	02/15/19	02/16/21	2.954	2.954	249,000.00	24 Months	ALL INTERST
RIVERLAND BANK	02/15/19	02/16/21	2.954	2.954	249,000.00	24 Months	
TREYNOR STATE BANK	02/15/19	02/16/21	2.953	2.953	249,000.00	24 Months	1 Year Interest
HIBERNIA BANK	02/18/20	02/17/21	1.800	1.800	250,000.00	12 Months	90 Days Interest
TRISTATE CAPITAL BANK	08/21/19	02/19/21	2.050	2.050	250,000.00	18 Months	6 Months Interest
IOWA TRUST & SAVINGS BANK	02/21/20	02/20/21	1.710	1.710	250,000.00	12 Months	NOT ALLOWED
US CENTURY BANK	02/21/20	02/20/21	1.700	1.700	249,000.00	12 Months	
VAST BANK NATIONAL ASSOCIATION	02/21/20	02/20/21	1.702	1.702	250,000.00	12 Months	90 Days Interest
ACNB BANK	02/22/19	02/22/21	2.920	2.920	250,000.00	24 Months	NOT ALLOWED
BANK OF TIOGA	02/22/19	02/22/21	2.915	2.915	250,000.00	24 Months	540 DAYS
BANK VISTA	02/22/19	02/22/21	2.900	2.900	250,000.00	24 Months	NOT ALLOWED
BANKERS BANK OF THE WEST	02/22/19	02/22/21	2.930	2.930	250,000.00	24 Months	6 Months Interest
COMMUNITY FEDERAL SAVINGS BANK	02/22/19	02/22/21	2.900	2.900	249,000.00	24 Months	NOT ALLOWED
FIRST UTAH BANK	02/22/19	02/22/21	2.900	2.900	250,000.00	24 Months	HALF INTEREST
FREEDOM BANK	02/22/19	02/22/21	2.920	2.920	249,000.00	24 Months	182 Days Interest
GOLD COAST BANK	02/22/19	02/22/21	2.900	2.900	250,000.00	24 Months	NOT ALLOWED
MELROSE BANK	02/22/19	02/22/21	2.950	2.950	250,000.00	24 Months	None
SECURITY SAVINGS BANK	02/22/19	02/22/21	2.910	2.910	250,000.00	24 Months	
SHELBY SAVINGS BANK SSB	02/21/20	02/22/21	1.701	1.701	249,000.00	12 Months	ALL INTERST
GEORGIA BANKING COMPANY	02/25/20	02/24/21	1.685	1.685	250,000.00	12 Months	3 Months Interest
MABREY BANK	02/25/20	02/24/21	1.695	1.695	250,000.00	12 Months	3 Months Interest
GRANITE COMMUNITY BANK	02/28/20	02/26/21	1.590	1.590	250,000.00	12 Months	90 Days Interest
METRO CITY BANK	02/28/20	02/26/21	1.600	1.600	250,000.00	12 Months	1 Month Interest
MOUNTAIN PACIFIC BANK	02/28/20	02/26/21	1.570	1.570	245,000.00	12 Months	180 Days Interest
PENN COMMUNITY BANK	02/28/20	02/26/21	1.575	1.575	250,000.00	12 Months	3 Months Interest
NEW MILLENNIUM BANK	03/02/20	03/02/21	1.550	1.550	250,000.00	12 Months	90 Days Interest
BANCCENTRAL NATIONAL ASSOCIATION	03/03/20	03/03/21	1.300	1.300	250,000.00	12 Months	4 Months Interest
BANK OF ADVANCE	03/03/20	03/03/21	1.200	1.250	250,000.00	12 Months	3 Months Interest
CLAREMONT SAVINGS BANK	03/03/20	03/03/21	1.250	1.250	250,000.00	12 Months	91 Days Interest
CUSTOMERS BANK	03/03/20	03/03/21	1.450	1.450	250,000.00	12 Months	3 Months Interest
FARMERS STATE BANK OF OAKLEY KANSAS	03/03/20	03/03/21	1.200	1.200	249,000.00	12 Months	6 Months Interest
MY SAFRA BANK FSB	03/03/20	03/03/21	1.200	1.200	250,000.00	12 Months	90 Days Interest
NORWOOD CO-OPERATIVE BANK	03/03/20	03/03/21	1.150	1.150	250,000.00	12 Months	6 Months Interest
OHIO VALLEY BANK COMPANY	03/03/20	03/03/21	1.150	1.150	250,000.00	12 Months	6 Months Interest
SPIRITBANK	03/03/20	03/03/21	1.500	1.500	249,000.00	12 Months	6 Months Interest
STONEHAMBANK A CO-OPERATIVE BANK	03/03/20	03/03/21	1.250	1.250	249,000.00	12 Months	Jan-00
SUNRISE BANK	03/03/20	03/03/21	1.200	1.200	249,000.00	12 Months	
WESTERN ALLIANCE BANK	03/03/20	03/03/21	1.350	1.350	250,000.00	12 Months	180 Days Interest
ARKANSAS FCU	09/03/19	03/04/21	1.930	1.930	250,000.00	18 Months	NOT PERMITTED
FIRST NATIONAL BANK OF BELLEVUE	03/05/19	03/04/21	2.840	2.840	250,000.00	24 Months	3 Months Interest
FIRST NATIONAL BANK OF MICHIGAN	03/05/19	03/04/21	2.792	2.792	250,000.00	24 Months	182 Days Interest
FLAGLER BANK	03/05/19	03/04/21	2.800	2.800	249,000.00	24 Months	All Interest
GOLDWATER BANK NA	03/05/19	03/04/21	2.800	2.800	250,000.00	24 Months	1 Year Interest
LUTHER BURBANK SAVINGS	03/04/20	03/04/21	1.550	1.550	249,000.00	12 Months	
NEW HAVEN BANK	09/03/19	03/04/21	1.990	1.990	250,000.00	18 Months	6 Months Interest
PACIFIC ALLIANCE BANK	03/05/19	03/04/21	2.800	2.800	250,000.00	24 Months	
SACO & BIDDEFORD SAVINGS INSTITUTION	03/05/19	03/04/21	2.800	2.800	250,000.00	24 Months	12 Months Interest
TEXAS REPUBLIC BANK	03/05/19	03/04/21	2.800	2.800	250,000.00	24 Months	6 Months Interest
WAUMANDEE STATE BANK	03/05/19	03/04/21	2.795	2.795	250,000.00	24 Months	6 Months Interest
AMERICAN COMMERCE BANK NA	09/05/19	03/05/21	1.850	1.850	249,000.00	18 Months	6 Months Interest
CF BANK NA	09/04/19	03/05/21	1.951	1.951	250,000.00	18 Months	6 Months Interest
CRESCOM BANK	03/05/20	03/05/21	1.100	1.100	245,000.00	12 Months	3%
RELIANT BANK	03/05/20	03/05/21	1.090	1.090	250,000.00	12 Months	180 Days Interest
BANCO DO BRASIL AMERICAS	03/06/20	03/06/21	1.060	1.060	249,000.00	12 Months	90 Days Interest
PARTNERS BANK	03/06/20	03/06/21	1.060	1.060	250,000.00	12 Months	
FARMERS TRUST AND SAVINGS BANK	09/06/19	03/07/21	1.849	1.849	250,000.00	18 Months	6 Months Interest
CENTRAL BANK	09/10/19	03/11/21	1.900	1.900	249,000.00	18 Months	3 Months Interest
CATTLE BANK AND TRUST	09/12/19	03/12/21	1.840	1.840	250,000.00	18 Months	182 Days Interest
COGENT BANK	03/12/20	03/12/21	0.810	0.810	249,000.00	12 Months	3 Months Interest
SPRING BANK	03/13/20	03/15/21	0.750	0.750	249,000.00	12 Months	NOT ALLOWED
AQUESTA BANK	03/16/20	03/16/21	0.650	0.650	249,000.00	12 Months	180 Days Interest
BANK OF HOPE	03/16/20	03/16/21	0.500	0.500	250,000.00	12 Months	30 Days Interest
BLACK HILLS COMMUNITY BANK NA	03/16/20	03/16/21	0.500	0.500	249,000.00	12 Months	
COMMUNITY FIRST BANK	03/16/20	03/16/21	0.500	0.500	249,000.00	12 Months	6 Months Interest
FIRST NATIONAL BANK OF BROOKFIELD	03/16/20	03/16/21	0.600	0.600	250,000.00	12 Months	24 Months Interest
FORESIGHT BANK	03/16/20	03/16/21	0.500	0.500	250,000.00	12 Months	NOT ALLOWED

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LINCOLN NATIONAL BANK OF HODGENVILLE	03/16/20	03/16/21	0.500	0.500	250,000.00	12 Months	1/2 Interest
PACIFIC CITY BANK	03/16/20	03/16/21	0.560	0.560	249,000.00	12 Months	1 Month Interest
PILGRIM BANK	03/16/20	03/16/21	0.552	0.552	250,000.00	12 Months	30 Days Interest
SOUTHERN INDEPENDENT BANK	03/16/20	03/16/21	0.500	0.500	250,000.00	12 Months	6 Months Interest
TUCUMCARI FEDERAL SAVINGS AND LOAN ASSOCIATION	03/16/20	03/16/21	0.500	0.500	249,000.00	12 Months	3 Months Interest
BROADWAY FEDERAL BANK FSB	03/17/20	03/17/21	0.500	0.500	250,000.00	12 Months	50% Interest
EVOLVE BANK & TRUST	03/17/20	03/17/21	0.500	0.500	250,000.00	12 Months	1 Month Interest
HOPE CU	03/17/20	03/17/21	1.050	1.050	249,000.00	12 Months	
INSBANK	03/17/20	03/17/21	0.750	0.750	248,000.00	12 Months	9 Months Interest
PACIFIC NATIONAL BANK	03/17/20	03/17/21	0.631	0.631	250,000.00	12 Months	1% Amount withdrawn
PEOPLEFIRST BANK	03/17/20	03/17/21	0.500	0.500	249,000.00	12 Months	180 Days Interest
FIRST SECURE BANK AND TRUST CO	09/28/20	03/27/21	0.221	0.221	250,000.00	180 Days	180 Days Interest
FIRST FEDERAL BANK A FSB	09/29/20	03/28/21	0.200	0.200	250,000.00	180 Days	90 Days Interest
BANKFINANCIAL NA	09/27/19	03/29/21	1.850	1.850	250,000.00	18 Months	
PADUCAH BANK AND TRUST COMPANY	09/27/19	03/29/21	1.850	1.850	249,000.00	18 Months	
CONGRESSIONAL BANK	04/01/20	04/01/21	1.170	1.170	250,000.00	12 Months	6 Months Interest
GREAT SOUTHERN BANK	04/03/18	04/02/21	2.800	2.800	249,000.00	36 Months	1/2 Interest earned
INVESTORS COMMUNITY BANK	04/03/18	04/02/21	2.750	2.750	249,000.00	36 Months	6 Months Interest
IOWA STATE BANK	04/03/18	04/02/21	2.730	2.730	249,000.00	36 Months	12 Months Interest
MAINSTREET BANK	04/03/18	04/02/21	2.770	2.770	249,000.00	36 Months	180 Days Interest
CROSS RIVER BANK	04/04/18	04/03/21	2.820	2.820	249,000.00	36 Months	182 Days Interest
COMENITY BANK	04/12/18	04/12/21	2.810	2.810	249,000.00	36 Months	90 Days Interest
COMENITY CAPITAL BANK	04/12/18	04/12/21	2.810	2.810	249,000.00	36 Months	90 Days Interest
MILLINGTON BANK	04/12/18	04/12/21	2.800	2.800	249,000.00	36 Months	6 Months Interest
SAVORY BANK	04/12/18	04/12/21	2.800	2.800	249,000.00	36 Months	90 Days Interest
BRAZOS NATIONAL BANK	07/20/20	04/16/21	0.222	0.222	249,000.00	270 Days	90 Days Interest
FEDERAL SAVINGS BANK	04/17/20	04/17/21	1.150	1.150	250,000.00	12 Months	180 Days Interest
HINGHAM INSTITUTION FOR SAVINGS	04/17/20	04/17/21	1.001	1.001	250,000.00	12 Months	
FIRST CENTURY BANK NA	10/23/20	04/21/21	0.150	0.150	250,000.00	180 Days	3 Months Interest
FREEDOM FINANCIAL BANK	04/23/19	04/22/21	2.600	2.600	250,000.00	24 Months	NOT ALLOWED
INVESTAR BANK	04/23/19	04/22/21	2.611	2.611	249,000.00	12 Months	90 Days Interest
KS STATEBANK	04/23/19	04/22/21	2.600	2.600	249,000.00	24 Months	9 Months Interest
ABBYBANK	04/27/20	04/27/21	0.550	0.550	250,000.00	12 Months	3 Months Interest
CRESCENT BANK & TRUST	04/27/20	04/27/21	0.500	0.500	250,000.00	12 Months	6 Months Interest
FIRST NATIONAL BANK & TRUST COMPANY	04/27/20	04/27/21	0.501	0.501	249,000.00	12 Months	365 Days Interest
GATEWAY BANK	04/27/20	04/27/21	0.500	0.500	249,000.00	12 Months	90 Days Interest
OZARK BANK	04/27/20	04/27/21	0.550	0.550	249,000.00	12 Months	1/2 Interest
SECURITY STATE BANK	04/27/20	04/27/21	0.589	0.589	250,000.00	12 Months	1/2 Interest
WOOD & HUSTON BANK	04/27/20	04/27/21	0.600	0.600	250,000.00	12 Months	180 Days Interest
FIRST NATIONAL BANK OF MCGREGOR	04/29/20	04/29/21	1.000	1.000	250,000.00	12 Months	365 Days Interest
AMERIFIRST BANK	04/30/20	04/30/21	0.510	0.510	249,000.00	12 Months	3 Months Interest
CITY NATIONAL BANK OF FLORIDA	04/30/20	04/30/21	0.650	0.650	250,000.00	12 Months	3 Months Interest
FIRST CAROLINA BANK	04/30/20	04/30/21	0.651	0.651	250,000.00	12 Months	180 Days Interest
BANK OF SANTA CLARITA	05/01/20	05/01/21	0.460	0.460	250,000.00	12 Months	180 Days Interest
CITIZENS BANK	05/01/20	05/01/21	0.450	0.450	249,000.00	12 Months	3 Months Interest
HERITAGE COMMUNITY BANK	05/01/20	05/01/21	0.750	0.750	250,000.00	12 Months	6 Months Interest
MAPLEMARK BANK	05/01/20	05/01/21	1.000	1.000	250,000.00	12 Months	
UKRAINIAN NATIONAL FCU	05/01/20	05/01/21	0.650	0.650	249,000.00	12 Months	50%
VIRGINIA COMMONWEALTH BANK	05/01/20	05/01/21	0.420	0.420	250,000.00	12 Months	6 Months Interest
ITHINK FINANCIAL CU FNA IBM SOUTHEAST	05/04/20	05/04/21	0.605	0.605	250,000.00	12 Months	90 Days Interest
FIRSTIER BANK	05/07/20	05/07/21	0.550	0.550	249,000.00	12 Months	90 Days Interest
GLOBAL BANK	05/07/20	05/07/21	0.600	0.600	249,000.00	12 Months	365 Days Interest
SELF HELP FEDERAL CREDIT UNION	05/13/20	05/13/21	0.850	0.850	249,000.00	12 Months	90 Days Interest
EAST BOSTON SAVINGS BANK	05/15/20	05/15/21	0.400	0.400	249,000.00	12 Months	90 Days Interest
PARAMOUNT BANK	05/15/20	05/17/21	0.500	0.500	249,000.00	12 Months	180 Days Interest
PARTNERS BANK OF CALIFORNIA	05/20/20	05/20/21	0.380	0.380	249,000.00	12 Months	90 Days Interest
ROYAL SAVINGS BANK	05/20/20	05/20/21	0.351	0.351	249,000.00	12 Months	180 Days Interest
BRENTWOOD BANK	05/22/20	05/22/21	0.300	0.300	250,000.00	12 Months	6 Months Interest
PLAINS COMMERCE BANK	05/22/20	05/22/21	0.295	0.295	250,000.00	12 Months	360 Days Interest
FIRST CONSTITUTION BANK	11/26/20	05/25/21	0.210	0.210	250,000.00	180 Days	90 Days Interest
KEARNY BANK	05/26/20	05/26/21	0.270	0.270	250,000.00	12 Months	Not Permitted
COMMUNITY BANK OF GEORGIA	09/12/20	06/10/21	0.750	0.075	250,000.00	270 Days	182 Days Interest
APOLLO BANK	06/15/20	06/15/21	0.200	0.200	250,000.00	12 Months	90 Days Interest
CITIZENS NATIONAL BANK	06/15/20	06/15/21	0.250	0.250	250,000.00	12 Months	180 Days Interest
INTERNATIONAL CITY BANK FEDERAL SAVINGS	06/15/20	06/15/21	0.200	0.200	248,000.00	12 Months	
MEGA BANK	06/15/20	06/15/21	0.200	0.200	250,000.00	12 Months	30 Days Interest
PROVIDENT BANK	06/15/20	06/15/21	0.260	0.260	250,000.00	12 Months	91 Days Interest
WATERFORD BANK NA	06/15/20	06/15/21	0.300	0.300	250,000.00	12 Months	Not Allowed
AMBOY BANK	06/17/20	06/17/21	0.240	0.240	250,000.00	12 Months	90 Days Interest
BANKERS BANK OF KANSAS	06/17/20	06/17/21	0.255	0.255	249,000.00	12 Months	Not Allowed
KENNETT TRUST BANK	06/22/20	06/22/21	0.200	0.200	250,000.00	12 Months	6 Months Interest
FARMERS & MERCHANTS BANK OF COLBY	06/24/20	06/24/21	0.220	0.220	250,000.00	12 Months	3 Months Interest
EMPIRE NATIONAL BANK	06/29/20	06/29/21	0.250	0.250	250,000.00	12 Months	180 Days Interest
TEXANA BANK NATIONAL ASSOCIATION	06/30/20	06/30/21	0.210	0.210	250,000.00	12 Months	90 Days Interest
EASTERN NATIONAL BANK	07/02/20	07/02/21	0.240	0.240	249,000.00	12 Months	91 Days Interest
LIMESTONE BANK INC	10/20/20	07/20/21	0.130	0.130	249,000.00	270 Days	91 Days Interest
FIRST FINANCIAL NORTHWEST BANK	07/22/19	07/21/21	2.300	2.300	240,000.00	24 Months	180 Days Interest
NORTH AMERICAN SAVINGS BANK FSB	07/21/20	07/21/21	0.300	0.300	250,000.00	12 Months	
OLD MISSOURI BANK	07/21/20	07/21/21	0.315	0.315	249,000.00	12 Months	365 Days Interest
SETTLERS BANK	07/21/20	07/21/21	0.220	0.220	249,000.00	12 Months	Not Permitted
TRIUMPH BANK	07/22/19	07/21/21	2.300	2.300	245,000.00	24 Months	6 Months Interest
SOUTHEAST BANK	07/30/20	07/30/21	0.235	0.235	250,000.00	12 Months	180 Days Interest
CAPITAL BANK NA	08/07/19	08/06/21	2.100	2.100	249,000.00	24 Months	12 Months Interest
CONNECTONE BANK	08/07/19	08/06/21	2.150	2.150	250,000.00	24 Months	
HIGHLAND BANK	08/06/20	08/06/21	0.203	0.203	249,000.00	12 Months	NOT PERMITTED
MILLENNIUM BANK	08/06/20	08/06/21	0.250	0.250	249,000.00	12 Months	100% Interest
VISTA BANK	08/06/20	08/06/21	0.300	0.300	250,000.00	12 Months	182 Days Interest
WEST POINTE BANK	08/06/20	08/06/21	0.250	0.250	250,000.00	12 Months	3 Months Interest
AMERICAN STATE BANK	08/07/20	08/07/21	0.261	0.261	250,000.00	12 Months	6 Months Interest
FIRST NATIONAL BANK AR	08/09/19	08/09/21	2.011	2.011	249,000.00	24 Months	18 Months Interest
FIRST WESTERN BANK & TRUST	08/09/19	08/09/21	2.002	2.002	250,000.00	24 Months	6 Months Interest
IUKA STATE BANK	08/09/19	08/09/21	2.130	2.130	250,000.00	24 Months	30 Days Interest
STAR USA FCU	08/09/19	08/09/21	2.050	2.050	250,000.00	24 Months	180 Days Interest
ACADEMY BANK	08/10/20	08/10/21	0.200	0.200	250,000.00	12 Months	180 Days Interest
FIRST STATE BANK OF BIGFORK	08/10/20	08/10/21	0.300	0.300	249,000.00	12 Months	90 Days Interest
NEW OMNI BANK NA	08/10/20	08/10/21	0.200	0.200	250,000.00	12 Months	3 Months Interest
COMMUNITY BANK TN	08/17/20	08/17/21	0.310	0.310	250,000.00	12 Months	91 Days Interest
FIRST MIDWEST BANK OF POPLAR BLUFF	08/17/20	08/17/21	0.280	0.280	250,000.00	12 Months	ONE HALF
TCM BANK NA	08/17/20	08/17/21	0.250	0.250	250,000.00	12 Months	90 Days Interest
AXOS BANK	08/18/20	08/18/21	0.150	0.150	250,000.00	12 Months	All Interest
BANTERRA BANK	08/18/20	08/18/21	0.140	0.140	250,000.00	12 Months	6 Months Interest
COMMUNITY WEST BANK NA	08/18/20	08/18/21	0.150	0.150	250,000.00	12 Months	1% Interest
CROSSFIRST BANK	08/20/20	08/20/21	0.211	0.211	249,000.00	12 Months	6 Months Interest
FORTIS PRIVATE BANK	08/20/20	08/20/21	0.201	0.201	249,000.00	12 Months	90 Days Interest

FIRST NATIONAL BANK NORTHWEST FLORIDA
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GREENSTATE CU	08/22/19	08/20/21	2,050	2,050	249,000.00	24 Months	180 Days Interest
PREMIER BANK	08/21/19	08/20/21	2,050	2,050	249,000.00	24 Months	180 Days Interest
SSB BANK	08/21/19	08/20/21	1,950	1,950	250,000.00	24 Months	12 Months Interest
SUCCESS BANK	08/21/19	08/20/21	1,975	1,975	250,000.00	24 Months	NOT PERMITTED
VERITEX COMMUNITY BANK	08/21/19	08/20/21	1,950	1,950	250,000.00	24 Months	90 Days Interest
MURPHY BANK	08/27/19	08/26/21	1,940	1,940	249,000.00	24 Months	
FRONTIER STATE BANK	08/27/20	08/27/21	0,260	0,260	250,000.00	12 Months	6 Months Interest
FIELDPOINT PRIVATE BANK & TRUST	09/01/20	09/01/21	0,242	0,242	250,000.00	12 Months	90 Days Interest
BRIDGEWATER BANK	03/05/19	09/02/21	2,900	2,900	250,000.00	30 Months	12 Months Interest
VOLUNTEER STATE BANK	03/03/20	09/02/21	1,250	1,250	250,000.00	18 Months	180 Days Interest
EASTERN CONNECTICUT SAVINGS BANK	09/05/19	09/03/21	1,850	1,850	250,000.00	24 Months	1 Year
FNBC BANK	09/05/19	09/03/21	1,850	1,850	250,000.00	24 Months	All Interest
BAR HARBOR BANK & TRUST	09/06/19	09/05/21	1,850	1,850	250,000.00	24 Months	180 Days Interest
CBANK	09/05/20	09/05/21	0,300	0,300	250,000.00	12 Months	Half Interest
EASTERN INTERNATIONAL BANK	09/06/19	09/06/21	1,880	1,880	250,000.00	24 Months	3 Months Interest
PARADISE BANK	09/10/20	09/10/21	0,210	0,210	248,000.00	12 Months	3 Months Interest
FIRST RESOURCE BANK	09/12/19	09/13/21	1,840	1,840	250,000.00	24 Months	12 Months Interest
STERLING NATIONAL BANK	09/12/20	09/13/21	0,180	0,180	250,000.00	12 Months	NOT ALLOWED
T BANK	03/16/20	09/15/21	0,820	0,820	250,000.00	18 Months	90 Days Interest
MANASQUAN BANK	03/18/20	09/17/21	0,900	0,900	250,000.00	18 Months	1/2 Interest
BANK OF GEORGE	09/23/19	09/22/21	1,900	1,900	250,000.00	24 Months	180 Days Interest
BANK OF KREMLIN	09/22/20	09/22/21	0,200	0,200	249,000.00	12 Months	90 Days Interest
BEAL BANK SSB	09/22/20	09/22/21	0,150	0,150	250,000.00	12 Months	1% Withdrawn
BEAL BANK USA	09/22/20	09/22/21	0,150	0,150	250,000.00	12 Months	1% Withdrawn
HOWARD BANK	03/23/20	09/22/21	1,000	1,000	248,000.00	18 Months	6 Months Interest
PLANTERS BANK INC	09/24/20	09/24/21	0,150	0,150	250,000.00	12 Months	3 Months Interest
FIRST NATIONAL BANK OF SYRACUSE	09/27/19	09/27/21	1,940	1,940	250,000.00	24 Months	1/2 Interest
FIRSTBANK OF NEBRASKA	09/27/19	09/27/21	1,860	1,860	250,000.00	24 Months	
RIVERBANK	09/27/19	09/27/21	1,900	1,900	250,000.00	24 Months	6 Months Interest
WASHINGTON STATE BANK	09/27/19	09/27/21	1,900	1,900	250,000.00	24 Months	12 Months Interest
AMERICAN NATIONAL BANK OF MINNESOTA	09/28/20	09/28/21	0,150	0,150	250,000.00	12 Months	90 Days Interest
MIDLAND COMMUNITY BANK	09/28/20	09/28/21	0,306	0,306	249,000.00	12 Months	12 Months Interest
BANK 34	09/30/20	09/30/21	0,190	0,190	250,000.00	12 Months	6 Months Interest
TUSTIN COMMUNITY BANK	10/06/20	10/06/21	0,320	0,320	250,000.00	12 Months	3%
APEX BANK	04/17/20	10/18/21	1,056	1,056	250,000.00	18 Months	NOT PERMITTED
ISRAEL DISCOUNT BANK OF NEW YORK	04/17/20	10/18/21	1,140	1,140	250,000.00	18 Months	6 Months Interest
BANKFLORIDA	10/21/19	10/20/21	1,801	1,801	250,000.00	24 Months	180 Days Interest
BRYN MAWR TRUST COMPANY	10/21/19	10/20/21	1,800	1,800	250,000.00	24 Months	
SUNSTATE BANK	10/26/20	10/26/21	0,150	0,150	250,000.00	12 Months	60 Days Interest
SECURITY STATE BANK	04/27/20	10/27/21	0,470	0,470	250,000.00	18 Months	NOT PERMITTED
BLUE SKY BANK	05/06/20	11/05/21	0,460	0,460	250,000.00	18 Months	1 Month Interest
FIELD & MAIN BANK INC	11/06/20	11/06/21	0,100	0,100	250,000.00	12 Months	9 Months Interest
FIRST NATIONAL BANK OF LINDSAY	11/06/20	11/06/21	0,301	0,301	250,000.00	12 Months	60 Days Interest
FRANKLIN BANK & TRUST COMPANY	11/06/20	11/06/21	0,110	0,110	249,000.00	12 Months	6 Months Interest
VALLEY NATIONAL BANK	11/18/20	11/18/21	0,200	0,200	250,000.00	12 Months	180 Days Interest
FIRSTCAPITAL BANK OF TEXAS NA	11/20/20	11/20/21	0,200	0,200	250,000.00	12 Months	90 Days Interest
FARMERS STATE BANK	06/15/20	12/15/21	0,200	0,200	250,000.00	18 Months	12 Months Interest
TEXAS NATIONAL BANK	12/16/19	12/15/21	1,770	1,770	250,000.00	24 Months	3%
DMB COMMUNITY BANK	12/17/19	12/16/21	1,751	1,751	249,000.00	24 Months	730 Days Interest
FIRST BANK OF ALABAMA	12/17/19	12/16/21	1,740	1,740	250,000.00	24 Months	360 Days Interest
MERRICK BANK	12/17/19	12/16/21	1,710	1,710	250,000.00	24 Months	Jan-00
ATLANTIC UNION BANK	07/21/20	01/20/22	0,250	0,250	250,000.00	18 Months	6 Months Interest
ENERBANK USA	02/15/19	02/14/22	3,100	3,100	249,000.00	36 Months	NOT ALLOWED
POPULAR BANK	02/15/19	02/14/22	3,100	3,100	249,000.00	36 Months	365 Days
TBK BANK SSB	08/15/20	02/17/22	0,250	0,250	249,000.00	18 Months	12 Months Interest
TRANSPORTATION ALLIANCE BANK	08/26/20	02/25/22	0,200	0,200	250,000.00	18 Months	
COATESVILLE SAVINGS BANK	02/28/20	02/28/22	1,601	1,601	250,000.00	24 Months	12 Months Interest
SIGNATURE BANK	03/02/20	03/02/22	1,575	1,575	250,000.00	24 Months	1 Year Interest
AVID BANK	03/05/19	03/04/22	2,892	2,892	250,000.00	36 Months	180 Days Interest
BMW BANK OF NORTH AMERICA	03/05/19	03/04/22	2,950	2,950	250,000.00	36 Months	NOT ALLOWED
EXCHANGE BANK	03/05/19	03/04/22	2,900	2,900	250,000.00	36 Months	24 Months Interest
FARMERS SAVINGS BANK	03/05/19	03/04/22	2,926	2,926	249,000.00	36 Months	NOT ALLOWED
FIRSTBANK PUERTO RICO	03/06/19	03/04/22	2,950	2,950	250,000.00	36 Months	6 Months Interest
HERITAGE COMMUNITY BANK	09/05/19	03/04/22	1,850	1,850	249,000.00	30 Months	50% Interest
SYSTEMATIC SAVINGS BANK	09/05/19	03/04/22	1,920	1,920	248,000.00	30 Months	365 Days Interest
UNIVERSAL BANK	03/05/19	03/04/22	2,900	2,900	250,000.00	36 Months	12 Months Interest
COMMERCEONE BANK	03/16/20	03/16/22	0,760	0,760	250,000.00	24 Months	90 Days Interest
BUCKEYE COMMUNITY BANK	03/17/20	03/17/22	0,700	0,700	249,000.00	24 Months	90 Days Interest
FIRST BANK AND TRUST	03/17/20	03/17/22	0,700	0,700	249,000.00	24 Months	365 Days Interest
CHIPPEWA VALLEY BANK	03/18/20	03/18/22	0,800	0,800	250,000.00	24 Months	6 Months Interest
FIRST LIBERTY BANK	03/18/20	03/18/22	0,860	0,860	250,000.00	24 Months	2 Months Interest
CALIFORNIA INTERNATIONAL BANK NA	03/24/20	03/24/22	1,200	1,200	250,000.00	24 Months	6 Months Interest
CORNERSTONEBANK	03/24/20	03/24/22	1,090	1,090	249,000.00	24 Months	NOT ALLOWED
INSOUTH BANK	03/24/20	03/24/22	1,100	1,100	250,000.00	24 Months	6 Months Interest
JEFFERSON BANK	03/24/20	03/24/22	1,110	1,110	249,000.00	24 Months	180 Days Interest
SOUTH COAST BANK & TRUST	03/24/20	03/24/22	1,060	1,060	250,000.00	24 Months	
COMMENCEMENT BANK	09/24/20	03/26/22	0,180	0,180	249,000.00	18 Months	90 Days Interest
STEARNS BANK NA	09/29/20	03/31/22	0,150	0,150	250,000.00	18 Months	180 Days Interest
ETHIC	04/01/20	04/01/22	1,170	1,170	250,000.00	24 Months	9 Months Interest
FIRST NATIONAL BANK OF LONG ISLAND	04/01/20	04/01/22	1,150	1,150	250,000.00	24 Months	6 Months Interest
FIRST STATE BANK NEBRASKA	04/01/20	04/01/22	1,150	1,150	249,000.00	24 Months	12 Months Interest
NEWTON FEDERAL BANK	04/01/20	04/01/22	1,250	1,250	250,000.00	24 Months	NOT ALLOWED
TEXAS ADVANTAGE COMMUNITY BANK NA	04/01/20	04/01/22	1,215	1,215	249,000.00	24 Months	90 Days Interest
STATE BANK OF INDIA CALIFORNIA	10/07/20	04/08/22	0,150	0,150	250,000.00	18 Months	
GOLDEN STATE BANK	04/17/20	04/18/22	0,950	0,950	249,000.00	24 Months	180 Days Interest
METROPOLITAN CAPITAL BANK & TRUST	04/17/20	04/18/22	1,100	1,100	250,000.00	24 Months	50% Interest
SPIRIT OF TEXAS BANK SSB	04/27/20	04/27/22	1,050	1,050	249,000.00	24 Months	180 Days Interest
UNITED BANK OF UNION	04/27/20	04/27/22	0,700	0,700	245,000.00	24 Months	4%
FIRST BANK OF HIGHLAND PARK	04/28/20	04/28/22	0,700	0,700	250,000.00	24 Months	NOT PERMITTED
NORTHERN BANK & TRUST COMPANY	04/28/20	04/28/22	0,720	0,720	249,000.00	24 Months	365 Days Interest
KENDALL STATE BANK	10/28/20	04/29/22	0,150	0,150	250,000.00	18 Months	6 Months Interest
BORDER STATE BANK	05/19/20	05/19/22	0,800	0,800	249,000.00	24 Months	
CREDIT ONE BANK	05/22/20	05/22/22	0,520	0,520	250,000.00	24 Months	180 Days Interest
FIRST INTERNET BANK OF INDIANA	08/24/18	05/24/22	2,600	2,600	249,000.00	45 Months	
FLORIDA BUSINESS BANK	11/30/20	06/01/22	0,150	0,150	250,000.00	18 Months	
POPPY BANK	06/17/20	06/17/22	0,450	0,450	250,000.00	24 Months	180 Days Interest
HIGH PLAINS BANK	07/13/20	07/13/22	0,250	0,250	250,000.00	24 Months	90 Days Interest
SOUTHERN BANCORP BANK	07/13/20	07/13/22	0,200	0,200	249,000.00	24 Months	24 Months Interest
MUTUAL SAVINGS AND LOAN ASSOCIATION	07/15/20	07/15/22	0,350	0,350	250,000.00	24 Months	12 Months Interest
GREAT PLAINS STATE BANK	07/21/20	07/21/22	0,300	0,300	250,000.00	24 Months	Not Permitted
MIDWEST REGIONAL BANK	07/26/19	07/25/22	2,750	2,750	249,000.00	36 Months	12 months interest
1ST FINANCIAL BANK USA	07/30/20	07/30/22	0,360	0,360	250,000.00	24 Months	
GREAT MIDWEST BANK SSB	08/10/20	08/10/22	0,300	0,300	250,000.00	24 Months	1 Year interest
BANKSTAR FINANCIAL	08/13/20	08/13/22	0,260	0,260	250,000.00	24 Months	365 Days Interest

FIRST NATIONAL BANK NORTHWEST FLORIDA
INVESTMENTS REPORT

				11/30/20			
FARMERS & MERCHANTS UNION BANK	08/20/20	08/20/22	0.400	0.400	250,000.00	24 Months	365 Days interest
HERITAGE BANK	08/23/19	08/24/22	2.280	2.280	245,000.00	36 Months	
FIRST TRUST AND SAVINGS BANK	08/28/20	09/28/22	0.251	0.251	249,000.00	24 Months	Jan-00
INBANK	08/31/20	08/31/22	0.201	0.201	250,000.00	24 Months	90 Days Interest
FREEDOM BANK	09/01/20	09/01/22	0.360	0.360	250,000.00	24 Months	180 Days Interest
REGENT BANK	09/10/20	09/09/22	0.191	0.191	250,000.00	24 Months	180 Days Interest
FIRST FEDERAL SAVINGS AND LOAN	09/10/20	09/10/22	0.184	0.184	250,000.00	24 Months	12 Months Interest
BERKSHIRE BANK	09/11/20	09/11/22	0.350	0.350	250,000.00	24 Months	1/2 Interest
COMMERCE STATE BANK	09/15/20	09/15/22	0.255	0.255	250,000.00	24 Months	180 Days Interest
DUNDEE BANK	09/17/20	09/17/22	0.240	0.240	249,000.00	24 Months	NOT PERMITTED
PACIFIC WEST BANK	09/18/20	09/18/22	0.220	0.220	249,000.00	24 Months	180 Days Interest
REGAL BANK	09/22/20	09/22/22	0.250	0.250	250,000.00	24 Months	90 Days Interest
HABIB AMERICAN BANK	09/29/20	09/29/22	0.200	0.200	250,000.00	24 Months	720 Days Interest
ADAMS COUNTY BANK	10/07/19	10/06/22	1.900	1.900	250,000.00	36 Months	365 Days Interest
FIRST CAPITAL BANK	10/07/19	10/06/22	1.911	1.911	250,000.00	36 Months	NOT ALLOWED
BANK OZK	10/16/20	10/16/22	0.401	0.401	250,000.00	24 Months	182 Days Interest
BELMONT BANK & TRUST COMPANY	10/20/20	10/20/22	0.201	0.201	250,000.00	24 Months	12 Months Interest
PARKE BANK	10/22/20	10/22/22	0.350	0.350	249,000.00	24 Months	
PEOPLES BANK	10/29/20	10/29/22	0.221	0.221	249,000.00	24 Months	3 Months Interest
SALISBURY BANK AND TRUST COMPANY	11/19/20	11/21/22	0.200	0.200	249,000.00	24 Months	12 Months Interest
COMMUNITY BANK OF WICHITA INC	12/16/19	12/15/22	1.800	1.800	249,000.00	36 Months	6 Months Interest
ENTERPRISE BANK	08/22/18	02/22/23	2.300	2.300	249,000.00	54 Months	
STATE BANK OF INDIA NY	02/25/19	02/25/23	3.300	3.300	250,000.00	48 Months	180 Days
GATEWAY BANK	09/02/20	03/03/23	0.240	0.240	250,000.00	30 Months	30 Days Interest
FIRST NATIONAL BANK OF AMERICA	03/07/19	03/06/23	3.200	3.200	250,000.00	48 Months	180 Days Interest
TEXAS EXCHANGE BANK SSB	03/18/20	03/20/23	1.150	1.150	250,000.00	36 Months	NOT ALLOWED
AMERICAN NATIONAL BANK FOX CITIES	09/22/20	03/23/23	0.285	0.250	250,000.00	42 Months	NOT PERMITTED
ALMENA STATE BANK	12/12/18	04/12/23	0.200	0.200	250,000.00	52 Months	
MINT NATIONAL BANK	04/27/20	04/27/23	0.900	0.900	250,000.00	36 Months	NOT PERMITTED
BATH SAVINGS INSTITUTION	11/04/20	05/05/23	0.120	0.120	250,000.00	30 Months	180 Days Interest
BRANTLEY BANK & TRUST COMPANY	05/05/20	05/05/23	0.521	0.521	250,000.00	36 Months	3 Months Interest
PRIMEBANK	05/05/20	05/05/23	0.600	0.600	250,000.00	36 Months	6 Months Interest
5STAR BANK	05/06/20	05/06/23	0.850	0.850	249,000.00	36 Months	180 Days Interest
BLUE FOUNDRY BANK	07/02/20	07/02/23	0.350	0.350	250,000.00	36 Months	180 Days Interest
NATIONAL BANK OF ST ANNE	07/14/20	07/14/23	0.250	0.250	249,000.00	36 Months	6 Months Interest
DENVER SAVINGS BANK	08/12/20	08/12/23	0.299	0.299	250,000.00	36 Months	12 Months Interest
PIONEER BANK	08/12/20	08/12/23	0.300	0.300	249,000.00	36 Months	90 Days Interest
MUTUAL FEDERAL BANK	09/04/20	09/05/23	0.200	0.200	249,000.00	36 Months	180 Days Interest
STEARNS BANK HOLDINGFORD NA	09/04/20	09/05/23	0.200	0.200	250,000.00	36 Months	365 Days Interest
STEARNS BANK UPSALA NA	09/04/20	09/05/23	0.200	0.200	250,000.00	36 Months	365 Days Interest
AMERICAN BANK NA	09/18/20	09/18/23	0.350	0.350	250,000.00	36 Months	9 Months Interest
GENERATIONS BANK	10/02/20	10/02/23	0.450	0.450	249,000.00	36 Months	6 Months Interest
LEVEL ONE BANK	10/14/20	10/14/23	0.300	0.300	250,000.00	36 Months	180 Days Interest
CROSS KEYS BANK	11/04/20	11/06/23	0.160	0.160	250,000.00	36 Months	NOT ALLOWED
MERCER SAVINGS BANK	11/04/20	11/06/23	0.182	0.182	250,000.00	36 Months	12 Months
COMMUNITY BANK DELAWARE	07/02/20	12/31/23	0.400	0.400	250,000.00	42 Months	182 Days Interest
HANOVER COMMUNITY BANK	08/31/20	02/29/24	0.440	0.440	250,000.00	42 Months	
CORYDON STATE BANK	08/01/14	08/01/24	2.100	2.100	249,000.00	120 Months	12 Months Interest
HOME LOAN INVESTMENT BANK FSB	08/07/19	08/05/24	2.471	2.471	250,000.00	60 Months	6 Months Interest
BEACON COMMUNITY BANK	11/05/20	11/04/24	0.320	0.320	250,000.00	48 Months	12 Months Interest
ATLANTIC COMMUNITY BANKERS BANK	08/18/20	08/18/25	0.640	0.640	250,000.00	60 Months	365 Days Interest
CROWN BANK	08/18/20	08/18/25	0.500	0.500	249,000.00	60 Months	180 Days Interest
CORNERSTONE BANK	08/21/20	08/20/25	0.651	0.651	250,000.00	60 Months	6 Months Interest
AMALGAMATED BANK	11/05/20	11/04/25	0.550	0.550	250,000.00	60 Months	24 Months Interest
SOUTHTRUST BANK NA	11/06/20	11/05/25	0.402	0.402	250,000.00	60 Months	30 Days Interest
NELNET BANK	11/10/20	11/09/25	0.500	0.500	250,000.00	60 Months	365 Days Interest
EXCHANGE BANK	11/19/20	11/18/25	0.590	0.590	250,000.00	60 Months	
HOME BANK OF CALIFORNIA	11/20/20	11/19/25	0.400	0.400	250,000.00	60 Months	
COB COMMUNITY BANK - INDUS AMERICAN BANK	02/02/17	02/02/27	2.250	2.250	249,000.00	120 Months	90 Days Interest

WGHT AVG 1.122940

91,590,000.00

FIRST NATIONAL BANK NORTHWEST FLORIDA
NEW LOANS
Nov-20

CUSTOMER NAME	ORIGINAL LOAN AMOUNT	ORIGINAL ADVANCE	PRI OFF	DATE OF ORIG ENTRY	# OF PMTS	PAYMENT AMOUNT	CURR INT RATE %	PRIME T BILL ADJ%	SERVICE CHARGE	TOTAL DEBT
BRIAN E BARNES	\$75,000.00	\$0.00	TBW	10/30/2020	120	\$0.00	4.25%	1.00%	\$150.00	\$75,000.00
KK INVESTMENT HO	\$300,000.00	\$140,000.00	AMB	11/25/2020	12	\$0.00	3.75%	0.00%	\$1,000.00	\$506,987.96
	\$375,000.00	\$140,000.00							\$1,150.00	\$581,987.96

FIRST NATIONAL BANK NORTHWEST FLORIDA
RENEWED LOANS
Nov-20

CUSTOMER NAME	ORIGINAL NOTE PROCEEDS	NOTE DATE	CURRENT BALANCE	PRI OFF	CURRENT MAT DATE	DATE LAST RENEW	# OF TIMES RENEW	CURR INT OR RATE%	PRIME T BILL ADJ %	TOTAL DEBT
VISION GENERAL CONT	\$150,000.00	10/04/19	\$146,855.50	GMP	11/01/21	11/01/20	1	6.00%	1.00%	\$150,000.00
STEVEN E GOODWILLE	\$75,000.00	11/20/18	\$0.01	KMJ	11/20/22	11/20/20	1	5.25%	0.50%	\$150,736.23
HOPKINS WELDING CO	\$75,000.00	09/08/17	\$73,000.92	GMP	11/20/21	11/20/20	3	7.00%	2.00%	\$96,884.50
EMERALD CABINETS	\$100,000.00	09/11/14	\$69,837.50	TBW	10/21/21	10/21/20	5	5.25%	1.50%	\$275,326.22
D&H PROPERTIES	\$2,250,000.00	01/05/15	\$1,350,000.00	KMJ	02/05/21	11/05/20	23	9.00%	0.00%	\$1,350,000.00
SIERRA JUNE LLC	\$500,000.00	08/26/16	\$0.00	GMP	11/24/21	11/24/20	4	4.25%	1.00%	\$1,535,702.84
HEART & RHYTHM	\$100,000.00	05/04/18	\$0.00	AMB	10/25/21	10/25/20	4	5.00%	0.00%	\$506,987.96
	\$3,250,000.00		\$1,639,693.93							\$4,065,637.75

Lines, Letters and Commitments			First National	Bank Northwest	Florida	11/30/2020	
Account	Line	Line	Available	Current	Maturity	Review	
Number	Customer	Used	Balance	Balance	Date	Date	
104160773	ARMSTRONG AMY L	20,000.00	130,000.00	20,000.00	12/04/21	12/04/21	
154327183	ALAMO ENTERPRISES IN	0.00	200,000.00	0.00	01/23/21	01/23/21	
708115172	ANDREWS COOLING & HE	2,000.00	198,000.00	2,000.00	06/19/21	06/19/21	
132667770	ACREE BRENT	0.00	322,500.00	0.00	10/15/21	10/15/21	
132483972	BALL ENTERPRISES LLC	5,728.68	44,271.32	5,728.68	03/02/21	03/02/21	
132529955	BLUE HORIZON OF NWF	0.00	5,000.00	0.00	09/01/22	09/01/22	
132381571	BODIFORD CHARLES M	45,000.00	5,000.00	45,000.00	08/01/21	08/01/21	
132297332	BANKS KENNETH	7,993.66	12,006.34	8,026.82	03/05/27	03/05/27	
132807930	BARNES BRIAN E	34,000.00	41,000.00	34,022.12	11/05/30	11/05/30	
132608130	COLE DANIEL	11,283.32	13,716.68	11,332.40	06/05/27	06/05/27	
132679230	CARROLL JOHN TROTMAN	67,778.99	32,221.01	68,169.71	08/05/29	08/05/29	
132678471	CERTIFIED GEARHEAD M	155,843.56	56,756.44	155,843.56	12/13/20	12/13/20	
132361770	DISPOSAL SERVICES LL	0.00	200,000.00	0.00	12/14/20	12/14/20	
132361758	DISPOSAL SERVICES LL	0.00	20,000.00	0.00	10/05/21	10/05/21	
132491271	EPSS SUPPLY & FABRIC	0.00	25,000.00	0.00	09/01/21	09/01/21	
132532371	EMERALD CABINETS INC	69,837.50	30,162.50	69,837.50	10/21/21	10/21/21	
132805370	FARKAS GEORGE J	0.00	500,000.00	0.00	09/04/22	09/04/22	
132508357	HUGHES RESORT INC	0.00	19,370.00	0.00	03/07/21	03/07/21	
132507573	HARVEST WORSHIP CENT	259,996.17	160,003.83	259,996.17	06/25/21	06/25/21	
132531571	HARPOON HARRYS PC PR	0.00	250,000.00	0.00	02/28/21	02/28/21	
132614970	HOPKINS WELDING CO I	73,000.91	1,999.09	73,000.91	11/20/21	11/20/21	
131117472	HUTT INSURANCE AGENC	0.00	125,000.00	0.00	05/18/21	05/18/21	
132172830	HAWKINS JAMES MICHA	1,521.03	38,478.97	1,521.03	05/29/23	05/29/23	
132609970	HACKEL JOSHUA	0.00	100,000.00	0.00	09/10/21	09/10/21	
132652970	HEART & RHYTHM ASSOC	0.00	100,000.00	0.00	10/25/21	10/25/21	
132646170	JACKSON TERRY BRIAN	0.00	125,000.00	0.00	03/25/21	03/25/21	
132506772	JACKSON TERRY BRIAN	25,666.79	75,333.21	25,666.79	10/01/21	10/01/21	
132618030	JOHNSON JR THOMAS B	251,740.19	148,259.81	251,740.19	10/01/51	09/06/21	
132657873	KK INVESTMENT HOLDIN	140,000.00	160,000.00	140,000.00	11/25/21	11/25/21	
132551370	LEWIS JOHN W	0.00	150,000.00	0.00	06/22/22	06/22/22	
132464972	LNK DEVELOPMENT INC	225,000.00	0.00	225,000.00	02/14/21	02/14/21	
708053470	LEVINE JOSEPH E	0.00	100,000.00	0.00	10/23/21	10/23/21	
132243770	LUBIN BARBARA A	0.00	50,000.00	0.00	02/05/25	02/05/25	
132233871	LYNN CECIL J	0.00	109,100.00	0.00	02/05/25	02/05/25	
132671970	LBI PROPERTY HOLDING	51,019.07	44,980.93	51,019.07	12/10/20	12/10/20	
132684272	LESTER ACCOUNTING SE	73,937.36	115,862.64	73,937.36	07/31/21	07/31/21	
132684272	LESTER ACCOUNTING SE	(73,937.36)	(115,862.64)	(73,937.36)	07/31/21	07/31/21	
132684271	LESTER ACCOUNTING SE	24,645.78	212,604.22	23,632.13	07/31/40	07/31/21	
132632155	MILES RICHARD	0.00	148,227.36	0.00	12/30/20	12/30/20	
132675070	MURPHY JAMES N	102,956.86	26,793.14	102,956.86	06/19/21	06/19/21	
132692570	POSAVAD SHANNON	100,000.00	400,000.00	100,000.00	01/10/21	01/10/21	
132583670	PENSACOLA SHADE, LLC	20,000.00	30,000.00	20,000.00	12/11/20	12/11/20	
131957371	PANHANDLE KEY & SAFE	0.00	50,000.00	0.00	08/18/21	08/18/21	
131414577	PETTIBONE CONCRETE C	0.00	200,000.00	0.00	12/10/20	12/10/20	
132670170	PICKEN HENRY MOORE	4,999.20	245,000.80	4,999.20	12/10/20	12/10/20	
132788170	PHILIP A. BATES, P.A	83,151.00	16,849.00	83,151.00	05/08/21	05/08/21	
132482172	ROUSSOS REFRIGERATIO	0.00	150,000.00	0.00	02/21/21	02/21/21	
132503470	ROYAL AMERICAN REAL	262,375.68	637,624.32	262,375.68	11/10/21	11/10/21	
132582830	ROBINSON TERRY ALLIS	113,320.39	36,679.61	113,320.39	10/05/26	10/05/26	
132582831	ROBINSON TERRY ALLIS	39,800.62	10,199.38	39,800.62	03/05/27	03/05/27	
130882488	RODDAM JAMES H	233,115.69	66,884.31	233,115.69	01/31/21	01/31/21	
132239583	RDB MANAGEMENT INC	0.00	200,000.00	0.00	04/19/21	04/19/21	
132239557	RDB MANAGEMENT INC	0.00	16,855.00	0.00	08/06/21	08/06/21	
153486676	STEVEN E GOODWILLER	0.00	75,000.00	0.00	11/20/22	11/20/22	
132573770	SIERRA JUNE LLC	0.00	500,000.00	0.00	11/24/21	11/24/21	

Lines, Letters and Commitments		First National	Bank Northwest	Florida	11/30/2020		
Account	Line	Line	Available	Current	Maturity	Review	
Number	Customer	Used	Balance	Balance	Date	Date	
132665170	SIERRA JUNE LLC	500,000.00	0.00	500,000.00	0.00	12/13/20	12/13/20
130844732	SUCHOMEL CLARE	41,100.00	0.00	41,100.00	0.00	02/05/27	02/05/27
131236274	SYFRETT JR T F	200,000.00	137,313.14	62,686.86	137,313.14	07/25/21	07/25/21
132236170	SPARKMAN WALTER B II	850,000.00	6,545.06	843,454.94	6,545.06	12/02/20	12/02/20
132713955	SHUMAKER CONSTRUCTIO	49,117.00	0.00	49,117.00	0.00	10/10/21	10/10/21
132576071	TIRZ USA LLC	60,000.00	33,515.15	26,484.85	33,515.15	10/29/21	10/29/21
130428673	TALKINGTON JAMES M M	200,000.00	0.00	200,000.00	0.00	05/23/21	05/23/21
132686770	VISION GENERAL CONTR	150,000.00	146,085.10	3,914.90	146,085.10	11/01/21	11/01/21
132352672	WISE SERVICES INC	450,000.00	43,073.94	406,926.06	43,073.94	10/15/21	10/15/21
132370872	WHITEHEAD PLUMBING I	75,000.00	0.00	75,000.00	0.00	01/03/21	01/03/21
132639691	WATREE CONST & LAND	222,500.00	74,099.00	148,401.00	74,099.00	06/29/21	06/29/21
132639692	WATREE CONST & LAND	222,500.00	74,079.80	148,420.20	74,079.80	06/29/21	06/29/21
132639693	WATREE CONST & LAND	220,000.00	61,215.25	158,784.75	61,215.25	10/26/21	10/26/21
132639696	WATREE CONST & LAND	220,000.00	61,059.25	158,940.75	61,059.25	10/26/21	10/26/21
132639695	WATREE CONST & LAND	220,000.00	61,059.25	158,940.75	61,059.25	10/26/21	10/26/21
132639694	WATREE CONST & LAND	220,000.00	61,534.25	158,465.75	61,534.25	10/26/21	10/26/21
132639697	WATREE CONST & LAND	220,000.00	61,534.25	158,465.75	61,534.25	10/26/21	10/26/21
132475583	WATREE CONST & LAND	100,000.00	0.00	100,000.00	0.00	02/06/21	02/06/21
132543057	WATREE CONST & LAND	15,373.40	0.00	15,373.40	0.00	08/12/22	08/12/22
132543000	WATREE CONST & LAND	<u>1,850,000.00</u>	<u>1,545,000.00</u>	<u>305,000.00</u>	<u>1,545,000.00</u>	01/31/21	01/31/21
		15,133,242.76	4,797,888.53	10,335,354.23	4,797,369.96		

Delinquent Loans

Nov-20

OFF NAME	ORIG NOTE DATE	DATE LAST PAID	DATE NEXT DUE	ORIG NOTE AMOUNT	FNB UNPAID BALANCE	SOLD OR PART BALANCE	TOTAL P.D. PAYMENTS	COLL	RATE	TOTAL DEBT
<u>90 and Over Days</u>										
KJ Jones Gaglio & Denni	09/05/14	09/08/20	01/05/20	245,000.00	195,464.68		24,991.33	RE	NA	195,464.68
<u>60-89 Days</u>										
KJ Industrial Screw	02/06/14	10/15/20	09/10/20	465,500.00	400,876.16	*	9,964.20	RE	4.75%	400,876.16
FNB UNPAID BALANCE					596,340.84					
LESS GUARANTEE TOTAL					(400,876.16)	*				
FNB NET BALANCE					<u>195,464.68</u>					
DOLLAR VOLUME DELINQUENT					195,464.68					
DOLLAR VOLUME OUTSTANDING					69,715,213.97					
TOTAL PAST DUES / TOTAL LOANS							0.28%	FOR NOVEMBER 2020		
TOTAL PAST DUES / TOTAL LOANS							0.27%	FOR OCTOBER 2020		
							PERCENT OF TOTAL LOANS			
90 DAYS PAST DUE-ACCRUING					0.00		0.00%			
60 DAYS PAST DUE-ACCRUING					0.00		0.00%			
30 DAYS PAST DUE-ACCRUING					400,876.16		0.58%			
PAST DUES-ACCRUING					400,876.16		0.58%			
PAST DUES-NON-ACCRUAL					<u>195,464.68</u>		0.28%			
					<u>596,340.84</u>					

*Guarantee Portion

FIRST NATIONAL BANK NORTHWEST FLORIDA

Monthly Loan Watch List

November 30, 2020

	NAME	OFFICER	DUE DATE	NON ACCRUAL 'N'	SBA GUARANTEE BALANCE	BALANCE
<u>OAEM (Grade 5)</u>						
132507570	Harvest Worship Center Inc	GMP	12/25/20			609,357.02
132507572	Harvest Worship Center Inc	GMP	12/25/20			513,353.76
132507573	Harvest Worship Center Inc	GMP	12/25/20			420,000.00
TOTAL OAEM (Grade 5)						1,542,710.78
<u>SUBSTANDARD (Grade 6)</u>						
132537270	D & H Properties	KMJ	12/05/20			950,000.00
132534970	Jones Gaglio & Dennis PA	KMJ	01/05/20	NON ACCRUAL 'N'		195,464.68
TOTAL SUBSTANDARD (Grade 6)						1,145,464.68
<u>DOUBTFUL (Grade 7)</u>						
TOTAL DOUBTFUL (Grade 7)						0.00
<u>LOSS (Grade 8)</u>						
TOTAL LOSS (Grade 8)						0.00
TOTAL LOANS REQUIRING SPECIAL ATTENTION						2,688,175.46
TOTAL CLASSIFIED						1,145,464.68

**FIRST NATIONAL BANK NORTHWEST FLORIDA
REPO ASSETS**

November-20

<u>NAME</u>	<u>COLLATERAL</u>	<u>BALANCE</u>
None		

NON ACCRUAL LOANS

November-20

<u>NAME</u>	<u>COLLATERAL</u>	<u>BALANCE</u>
Jones Gaglio & Dennis	RE	\$ 195,464.68

OTHER REAL ESTATE OWNED

November-20

<u>NAME</u>	<u>OREO BALANCE</u>	<u>VALUATION ALLOWANCE</u>	<u>NET BALANCE</u>
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**FIRST NATIONAL BANK NORTHWEST FLORIDA
RESERVE FOR LOAN LOSSES**

Nov-20

Beginning Balance November 1, 2020	1,249,819.54
Current Period Provision for Loans	0.00
Add Recoveries or Adjustment	0.00
Less Charge Offs	0.00
Ending Balance November 30, 2020	1,249,819.54

ACTIVITY RESERVE FOR LOAN LOSS

FIRST NATIONAL BANK NORTHWEST FLORIDA
OVERDRAWN ACCOUNTS \$100.00 OR MORE THIS MONTH
December 4, 2020

SHORT NAME	ACCOUNT NUMBER	DATE OPENED	OD BALANCE EOM	BALANCE AS OF
POWELL INJURY LAW PA	3200046501	11/20/13	(\$3,874.18)	56.96
HUGHES DAWSON W	3201306206	11/20/19	(\$241.93)	8.07
MILNER DARREN	4201190806	12/11/18	(\$152.89)	CLOSING

CLOSED ACCOUNT REPORT

November-2020

REASON	CHECKING	SAVINGS
Closed by Bank		
Closed escrow acct		
Deceased	2	
Dormant		
Estate Closed		
Fees Charged		
Investing in other types of funds		
Moving outside area		
No Longer in Business		
No Longer Needed	5	2
No On-Line Access or Debit Card		
No Reason Given		
Rates		
System	3	
Theft, Fraud or Stolen Checks	1	
Transfer internally	3	
Transfer to Another Bank		
	14	2

Teller Short
By Branch and Teller

Branch Number	Account number	Short name	Month to Date	Ending balance	
1	575102	OVER/SHORT-VAULT	.00		
	575110	OVER/SHORT-COIN COUN	.00	52.05	
	575151	OVER/SHORT-ATM	.00	66.00-	
	575201	OVER/SHORT-TELLER 1	.00		
	575202	OVER/SHORT-TELLER 2	.00	81.00	
	575203	OVER/SHORT-TELLER 3	.00	4.00-	
	575204	OVER/SHORT-TELLER 4	99.00	10.00	
	575205	OVER/SHORT-TELLER 5	.00		
	575206	OVER/SHORT-TELLER 6	.00	46.01-	
	575207	OVER/SHORT-TELLER 7	.00		
	575208	OVER/SHORT-TELLER 8	.00		
	575590	OVER/SHORT-PROOF	.00	396.63-	
	575595	OVER/SHORT-FORMER TE	.00	155.10-	
			Total for Branch #1		
		TOTAL	99.00	524.69-	
2	575102	OVER/SHORT-VAULT	.00		
	575110	OVER/SHORT-COIN COUN	.00		
	575151	OVER/SHORT-ATM	.00	10.00-	
	575201	OVER/SHORT-TELLER 1	.00		
	575220	OVER/SHORT-TELLER 20	.00		
	575221	OVER/SHORT-TELLER 21	.00		
	575222	OVER/SHORT-TELLER 22	.00		
	575223	OVER/SHORT-TELLER 23	.00	.05-	
	575224	OVER/SHORT-TELLER 24	.00		
	575225	OVER/SHORT-TELLER 25	.00	9.25-	
	575590	OVER/SHORT-PROOF	.00		
	575595	OVER/SHORT-FORMER TE	.00		
			Total for Branch #2		
			TOTAL	.00	19.30-
		FINAL TOTALS			
		TOTAL	99.00	543.99-	

**FIRST NATIONAL BANK NORTHWEST FLORIDA
 CERTIFICATE OF DEPOSIT NEW THIS MONTH
 November 30, 2020**

ACCOUNT NUMBER	CUSTOMER NAME	CURRENT BALANCE	TERM	RATE	NEW OR CURRENT CUSTOMER	REASON FOR OPENING ACCOUNT
NONE						

TOTAL \$

NEW CURRENT \$

FIRST NATIONAL BANK NORTHWEST FLORIDA
DEMAND DEPOSIT NEW THIS MONTH
November 30, 2020

ACCOUNT NUMBER	CUSTOMER NAME	CURRENT BALANCE	ACCOUNT TYPE	NEW OR CURRENT CUSTOMER	REASON FOR OPENING ACCOUNT
3200252901	CROSSING BROOK, LLC	\$ 2,068.67	SM BUSINESS CHECKING	NEW	MOVING TO AREA
3200253701	BILL R HUTTO ESTATE	\$ 381,743.81	SM BUSINESS CHECKING	NEW	FORMER DIRECTOR
3200256001	GLENN SALYER PLUMBING	\$ 457,653.65	BUSINESS CHECKING	CURRENT	
3200256002	GLENN SALYER PLUMBING	\$ 144,672.83	BUSINESS CHECKING	CURRENT	
3200256003	GLENN SALYER PLUMBING	\$ 16,799.34	BUSINESS CHECKING	CURRENT	
3200259401	850 GARAGE DOORS, LLC	\$ 10,729.18	BUSINESS CHECKING	NEW	EST BANK RELATIONSHIP
3201453206	CORBIN KYLE D	\$ 1,086.44	PERS REG CHECKING	NEW	FATHER REFERRAL
3201454006	WHITE JEFFRY A	\$ 500.00	PERS REG CHECKING SR	NEW	LOAN CUSTOMER
3201465606	ADKINS CAROLYN J	\$ 1,520.47	PERS REG CHECKING SR	CURRENT	
3201466406	HALL DIXIE L	\$ 4,000.00	PERS REG CHECKING SR	CURRENT	
3201467206	GONZALEZ CHASITY D	\$ (80.13)	PERS VALUE CHECKING	NEW	CUSTOMER SERVICE
3203154414	CARTER CYNTHIA M	\$ 44,513.74	PERS SENIOR ACHIEVER	NEW	CUSTOMER SERVICE
3205049420	BOWEN MACE D	\$ 239,984.70	PERSONAL SAVINGS	CURRENT	
4201045406	MALKO RACHEL J	\$ 52.48	PERS SCHOOL PRIDE	NEW	PARENTS BANK HERE
4201047006	MURA WILLIAM A	\$ 1,600.00	PERS REG CHECKING SR	NEW	CLOSE TO HIS GYM
4206928614	GRIZZLE ANGELA S	\$ 20,005.61	PERS SENIOR ACHIEVER	NEW	FRIEND REFERRAL

TOTAL: **\$ 1,326,850.79**

NEW \$ 462,219.80
CURRENT \$ 864,630.99

**FIRST NATIONAL BANK NORTHWEST FLORIDA
SAFE DEPOSIT NEW THIS MONTH
November 30, 2020**

ACCOUNT NUMBER	CUSTOMER NAME	RENT	NEW OR CURRENT CUSTOMER	REASON FOR OPENING ACCOUNT
NONE				

NONE

TOTAL:	\$	-
NEW	\$	-
CURRENT	\$	-

Product		Current Balance	Weighted Average Rate
108 Personal Senior Achiever	247	15,546,093.95	.0799
109 Pers Senior Achiever Spec Rate	17	8,184,027.10	.0999
110 Personal Senior Achiever Emp	12	636,174.54	.0685
131 Business First Preferred	5	718,084.36	.0819
132 BUS First Preferred Iolta	3	436,936.18	.0922
133 BUS First Preferred Non Profit	34	6,346,598.65	.0940
137 BUS First Preferred Spec Rate	6	2,964,713.68	.1010
141 Personal First Preferred	110	8,805,523.31	.0811
143 Per First Preferred Spec Rate	15	16,366,184.81	.1408
144 Personal First Preferred Emp	5	2,383,889.26	.0986
161 Business Money Market	47	16,967,449.09	.0979
163 Business MMA Non Profit	3	31,035.97	.0099
164 Business Money Market Public	1	94,877.57	.0500
165 Business Money Market Escrow	1	198,289.91	.1000
167 Business MMA Special Rate	27	25,501,357.31	.1282
171 Personal Money Market	14	1,816,369.34	.0931
173 Personal MMA Special Rate	3	1,821,926.80	.1000
174 Personal Money Market Employee	1	2,685.68	.0100
Type totals for checking accounts:	551	108,822,217.51	.1071
201 Business Savings	11	803,625.16	.0500
211 Personal Savings	101	2,758,800.90	.0500
212 Personal Savings Minor	13	32,804.78	.0499
215 Personal Savings Employee	9	28,953.23	.0499
216 Personal Savings Emp Minor	1	1,003.26	.0498
Type totals for savings accounts:	135	3,625,187.33	.0499
OJT Misc Fixed Employee CD => 100K	1	185,236.91	1.7999
OML 12 Month CD Business Emp >100K	10	4,265,143.43	.9533
O1R Misc Fixed CD Business > 100K	1	1,047,451.30	.7499
UEM 12 Month CD Bus Employee <100K	5	278,397.89	.2850
UF1 Misc Fixed CD Personal < 100K	1	34,759.95	1.5000
U1F Misc Fixed CD Business < 100K	1	33,804.03	1.4999
312 12 Month Employee < 100K	6	226,318.83	.3303
360 60 Month Employee < 100K	2	44,852.83	1.9883
412 12 Month Employee => 100K	7	1,108,831.53	.8789
503 3 Month CD Personal < 100K	1	513.98	.0505
506 6 Month CD Personal < 100K	5	38,784.15	.0999
512 12 Month CD Personal < 100K	51	1,152,122.48	.5438
515 15 Month CD Personal < 100K	2	31,179.67	.9352
518 18 Month CD Personal < 100K	3	80,473.12	.6061
521 21 Month CD Personal < 100K	1	50,000.00	1.6000
524 24 Month CD Personal < 100K	5	280,177.10	.7103
536 36 Month CD Personal < 100K	3	38,238.23	1.3695
560 60 Month CD Personal < 100K	5	10,513.02	1.5000
607 7 Month CD Personal => 100K	2	209,075.96	.1000
608 8 Month CD Personal => 100K	1	256,469.71	1.0000
612 12 Month CD Personal => 100K	25	6,042,066.55	.7369
615 15 Month CD Personal => 100K	1	208,578.21	1.3999
624 24 Month CD Personal => 100K	1	403,614.11	1.2000

Optical output queue
Deposit Maturity Analysis Summary

First National Bank Northwest Florida DD5761

11/30/20 Page 1

Fixed Rate Deposits:

Remaining Maturity of:

3 months or less:	74	10,680,759.08
3 - 12 months:	153	8,192,872.67
1 - 3 years:	64	1,242,001.95
3 years and over:	1	10,113.02

Total: 292 20,125,746.72

Variable Rate Deposits:

Repricing Frequency:

Daily to quarterly:	1,584	149,411,694.17
Quarterly to annually:	0	.00
Annually to 3 years:	3	263,920.00

Total: 1,587 149,675,614.17

Total Deposits: 1,879 169,801,360.89

* * * End of Report * * *

FIRST NATIONAL BANK NORTHWEST FLORIDA

INTERNAL AUDIT BOARD of DIRECTORS REPORT



November 2020

PREPARED BY:

Denise Bunes, Internal Auditor

OPERATIONAL REVIEW:

- ◆ **Information Technology (IT) with Cybersecurity**
- ◆ **Online & Mobile Banking**

Information Technology (IT) with Cybersecurity

The IT audit concluded with **strong** results. Information is one of a financial institution's most important assets. Protection of information assets is necessary to establish and maintain trust between the financial institution and its customers, maintain compliance with the law, and protect the reputation of the institution. First National Bank Northwest Florida's IT Department properly secures data by following proper policy and procedures.

The annual external penetration test and quarterly vulnerability scans performed by Focus Audits determined that the information security posture is in low-risk condition. Any findings noted are forwarded to the bank's third-party service provider, AaSys Group, to make the necessary corrections to correct vulnerabilities. An annual GLBA Risk Assessment with Cybersecurity Framework was also completed. Their recommendation to develop a more robust teleworking policy & procedures was completed during their review process. A social engineering test was conducted with no penetration.

Regulators are focusing on internal and external cyber-security risks, including the capacity to protect, recover and resume operations. Management has completed the Cybersecurity Assessment Tool (CAT). The CAT has been reviewed & approved by OCC examiners. Departments continue to address goals in the following 5 domains:

- 1) Risk management and oversight
- 2) Threat Intelligence & Information sharing
- 3) Cybersecurity controls
- 4) Vendor Management
- 5) Management resilience in the wake of a cyber-incident

Comments: Management has improved the bank's capabilities for business continuity purposes this past year by:

- ✓ Contracting with MPA for a 14'x70' mobile hot spot unit equipped with camera/alarm system, diesel generator, drive-up window, safe, night depository, telephone system & lobby area. Additional connectivity options are available, if needed.
- ✓ Three laptops were purchased for business continuity purposes. These were used for employees teleworking from home during COVID-19 exposure.
- ✓ Purchasing an additional proof scanner to be used as a backup if needed. The scanner could be utilized with the disaster recovery laptop, if necessary.
- ✓ Additional battery backup systems have been purchased and installed for every PC.

Online & Mobile Banking

The Online & Mobile Banking audit concluded with **strong** results. No findings were noted during the review. The scope of the audit consisted of reviewing policies and procedures to ensure the bank has sufficient internal controls to minimize errors and discourage fraud, as well as, review contingency and disaster plans for adequacy.

Employee authorization levels and access privileges are commensurate with their assigned duties.

First National Bank Northwest Florida's IT Department properly secures data by following proper policy and procedures. This is verified by Focus Audits external penetration testing and quarterly vulnerability scans results. Customers have the ability to send a secure message to the bookkeeping dept. regarding their account. Bookkeeping employees check the secure message center daily and respond

to all messages promptly. Bookkeeping has undergone several employee terminations in recent years and training is ongoing at this time. Bookkeeping's newest employees have been trained to perform basic online customer assistance, such as, re-set passwords & challenge questions. Troubleshooting training continues.

Policies, procedures and agreements are adequate. The bank's IT risk assessment includes a basic online banking section which rates the bank's online banking, bill payment and network security at low risk.

Password administration is strong. Password requirements and procedures to secure initial passwords are adequate. Challenge questions are pre-selected to secure the site from intruders. Cash management and customers who have experienced "issues" also have a onetime challenge code that can be sent via text or email for added security.

Vendor management is adequate. The bank ensures that all third-party vendors deemed URGENT have current internal control & financial reports on file. Vendor management reviews are performed annually. An automatic vendor report reminder system was developed to assist reports remain current.

The bank's website has been reviewed for requirements by an outside audit and is ADA compliant. All required disclosures are appropriate. The website is pleasing to view and user-friendly.

The mobile banking service provides customers with online banking using a phone app but also the ability to pay bills and deposit checks by using the camera on their cell phone and make person-to-person (P2P) payments.

The contents of this report are the product of the internal audit and the opinions of the auditor have not been over-ruled in any way.



Denise Buess
Internal Auditor

**First National Bank Northwest Florida
2021 Internal External Audit Schedule**

DESCRIPTION OF REVIEW	LAST REVIEW	RISK FACTOR	NEXT REVIEW	REVIEW / PREP HOURS	WRITING HOURS	PREV AUDIT RESULTS
SAFE Act	1/9/20	1.75	Jan-21	15	3	Strong
Funds Transfers	1/30/20	2.42	Jan-21	60	12	Satisfactory
Compliance/Risk Mgt Program Review	2/3/20	2.17	Jan-21	40	8	Strong
Appraisals & Evaluations	10/30/18	1.50	Feb-21	50	10	Strong
Servicemember Civil Relief Act / MLA	3/3/20	1.50	Feb-21	30	6	Strong
IRR Model Validation EXTERNAL	3/4/20	2.00	Mar-21	20	4	Strong
IRR Backtesting Review	6/18/20		Mar-21	100	20	Satisfactory
Electronic Funds Transfer - Reg E	4/1/20	2.00	Apr-21	40	8	Strong
Flood Loan Review	5/1/20	2.00	Apr-21	40	8	Strong
Collateral & Safekeeping	9/24/15	1.50	May-21	30	6	Strong
Community Reinvestment Act	6/2/20	1.33	May-21	40	8	Satisfactory
Real Estate Loans (RESPA)	5/1/20	2.42	May-21	60	12	Strong
Panama City Branch	8/11/20		Jun-21	60	12	Strong
Bank Secrecy Act: Internal	4/1/20	2.83	Jun-21	50	10	Satisfactory
Dormant/Escheat Accounts	7/7/20	2.08	Jul-21	40	8	Strong
Insider Loans (Reg O)	7/27/20	1.33	Jul-21	30	6	Strong
Expedited Funds Availability (Reg CC)	7/30/20	2.00	Aug-21	60	12	Strong
Lending Compliance: EXTERNAL	5/1/20	2.58	Aug-21	10	2	Strong
Online & Mobile Banking	12/1/20	2.17	Aug-21	50	10	Strong
Truth in Savings (Reg DD): EXTERNAL	4/1/20	1.92	Sep-21	20	4	Strong
Deposit Compliance - EXTERNAL	4/1/20	2.67	Sep-21	20	4	Strong
Panama City Beach Branch	8/11/20		Sep-21	50	10	Strong
Credit Administration/Loan Servicing	9/10/20	2.00	Sep-21	50	10	Strong
Bank Secrecy Act: EXTERNAL	4/1/20	2.83	Oct-21	10	2	Satisfactory
NACHA Operating Rules	10/5/20	2.08	Oct-21	40	8	Strong
Pledged Loans	10/22/20	1.42	Oct-21	20	4	Strong
Vendor Management	7/23/20	2.08	Oct-21	50	10	Strong
IT w/Cybersecurity	12/1/20	2.83	Nov-21	60	12	Strong
Information Security	12/20/20	2.17	Nov-21	50	10	Strong
Fair Lending & Equal Credit Opportunity (Reg B)	8/31/20	1.67	Nov-21	50	10	Strong
Internal Controls	12/20/20	2.17	Dec-21	40	8	Strong
Investments and IRR	12/30/19	1.58	Dec-21	70	14	Strong
Accounting & Fixed Assets	12/31/19	2.00	Dec-21	50	10	Strong
Cash		2.00				
Official Checks		1.25				
Safe Deposit Boxes		2.08				
Compliance Research / Reporting				180		
Public Funds Report (Y)			Due 11/30/21	20		
Employee Statements (M)				8		
945 Taxes (Y)			Due 1/31/21	30		
HOURS				1643	196	
TOTAL INTERNAL AUDIT HOURS				1839		
Training				80		
Vacation				120		
Hours available for special projects				41		
TOTAL ANNUAL WORK HOURS				2080		

Black = Same as previous audit
Red = Increased findings noted
Blue = Improvement from previous audit

Board Approved: 12/17/20

**FIRST NATIONAL BANK NORTHWEST FLORIDA
2021 INTERNAL AUDIT SCHEDULE
RISK ASSESSMENT**

Description of review	Ethical climate	Results of last regulatory exam	Results of last external audit	Results of last internal audit	Competence of personnel	Transaction volume	Complexity or volatility of activities	Adequacy of effectiveness of internal controls	Changes in operations, programs, systems	Acceptance of audit findings and corrective action taken	Familiarity of computerized information system(s)	Extent of documented policies and procedures	Average Risk Rating
Accounting	2	2	1	1	2	2	2	3	3	1	1	2	1.83
Accrued Interest	1	2	1	3	2	3	2	2	2	1	3	2	2.00
Allowance for Loan Losses	2	2	2	2	2	3	2	1	2	1	1	2	1.83
Application / Advertising Compliance	1	2	1	2	1	2	1	1	3	1	1	2	1.50
Appraisal Compliance	1	2	1	1	1	3	3	1	2	1	1	1	1.50
Bank Secrecy Act	3	3	2	2	2	4	4	3	4	1	3	3	2.83
Capital Accounts	1	2	1	1	1	1	1	1	1	1	1	3	1.25
Cash	3	2	1	1	2	4	3	1	2	2	2	1	2.00
CALL Report	1	2	2	1	1	2	2	1	3	1	3	2	1.75
Collateral	1	1	1	2	1	2	2	1	2	1	2	2	1.50
Community Reinvestment Act (Reg CC)	1	2	1	2	2	1	1	1	2	1	1	1	1.33
Compliance Program	3	1	1	1	2	3	4	2	4	1	2	2	2.17
Deposit Compliance	1	2	3	3	2	4	4	2	4	1	3	3	2.67
Dormant / Escheat accounts	2	2	2	2	2	2	2	2	3	1	2	3	2.08
Business Continuity / Pandemic	1	2	1	3	2	2	2	2	3	2	3	2	2.08
Due From Banks	1	2	1	1	1	4	1	1	1	1	2	1	1.42
Electronic Funds Transfer Act (Reg E)	1	2	1	1	2	3	4	2	3	1	3	1	2.00
Expedited Funds Availability Act (FFR)	2	1	2	1	3	3	3	2	2	1	2	2	2.00
Fair Credit Reporting Act	1	2	2	2	3	2	3	2	3	1	2	3	2.17
Fair Lending / Equal Credit Opportunity Act	1	1	2	3	3	2	2	3	3	1	2	2	2.08
Flood (Reg H)	2	2	1	1	2	2	2	3	3	2	2	2	2.00
Foreclosure Management	1	2	1	1	2	2	2	2	2	1	2	2	1.67
Information Technology/Cybersecurity	3	2	2	2	2	4	5	3	4	2	3	2	2.83
Insider Lending (Reg O)	2	2	1	1	1	1	2	1	1	1	2	1	1.33
Interest Rate Risk	1	1	1	1	2	2	3	2	2	1	2	2	1.67
Internal Control / Information Security	3	1	1	1	2	4	3	2	3	2	2	2	2.17
Online & Mobile Banking	2	2	1	1	3	3	3	2	3	2	2	2	2.17
IRS Pub. 1281 - B Notices	1	1	1	1	2	1	2	2	2	1	1	3	1.50
Letters of Credit	1	1	1	1	1	1	1	1	1	1	2	3	1.25
Loan Servicing / Credit Administration	2	2	1	1	2	2	3	2	3	2	2	2	2.00
NACHA Operating Rules	2	1	1	1	2	3	3	2	3	1	4	2	2.08
Non RE Loan Compliance	1	2	1	1	1	2	3	1	1	1	2	2	1.50
Official Checks	1	1	1	1	1	3	1	1	1	1	2	1	1.25
Other Real Estate (OREO)	1	2	2	1	1	1	2	2	1	1	2	2	1.50
Pledged Loans	1	1	1	1	1	1	2	2	2	1	2	2	1.42
Real Estate Loan Compliance (Reg Z)	2	2	3	2	3	2	5	2	3	1	4	2	2.58
Remote Deposit Capture	1	1	1	1	2	2	2	2	3	1	2	2	1.82
Right to Financial Privacy Act	2	2	1	1	2	2	2	1	1	1	2	2	1.58
SAFE Act	2	1	2	2	2	1	2	2	2	1	2	2	1.75
Safe Deposit Boxes	1	2	1	4	3	2	2	1	3	1	3	2	2.08
Securities / Investments	1	2	1	1	2	2	2	2	2	1	1	2	1.58
Servicemember Civil Relief Act / Military Lending Act	2	1	1	1	1	1	2	2	2	1	2	2	1.50
Truth in Savings (Reg DD)	2	1	2	1	2	3	3	1	3	1	2	2	1.92
U.S. Government Accounts	1	1	1	1	1	1	1	1	1	1	2	1	1.08

**FIRST NATIONAL BANK NORTHWEST FLORIDA
2021 INTERNAL AUDIT SCHEDULE
RISK ASSESSMENT**

Description of review	Ethical climate	Results of last regulatory exam	Results of last external audit	Results of last internal audit	Competence of personnel	Transaction volume	Complexity or volatility of activities	Adequacy of effectiveness of internal controls	Changes in operations, programs, systems	Acceptance of audit findings and corrective action taken	Familiarity of computerized information system(s)	Extent of documented policies and procedures	Average Risk Rating
Gatekeeper Parameter Validation	2	1	1	1	1	3	3	2	3	1	2	1	1.75
UDAAP (Reg AA)	2	1	1	1	2	2	2	1	2	1	2	2	1.58
Wires - Funds Transfer Compliance	2	2	1	4	2	3	4	2	3	1	3	2	2.42
Vendor Management	3	1	1	2	2	3	3	3	2	2	2	1	2.08

**FIRST NATIONAL BANK NORTHWEST FLORIDA
2021 INTERNAL AUDIT SCHEDULE
EXPLANATION OF RISK ASSESSMENT**

RISK FACTOR	1 to 2	3 to 4	5
Ethical climate	1 or 4 negative influences	5 to 20 negative factors	over 20 negative factors
Results of last regulatory exam	within a year, good results	within a year, average results	over a year
Results of last external audit	within a year, good results	within a year, average results	over a year
Results of last internal audit	within a year, good results	within a year, average results	over a year
Competence of personnel	high	medium	low
Transaction volume	low	medium	high
Complexity or volatility	low	medium	high
Adequacy and effectiveness of the system of internal control over the area	good	acceptable	poor
Changes in operations, programs, systems, and controls	no changes since last audit	minor changes since last audit	major changes since last audit
Acceptance of audit findings and corrective action taken	all findings accepted and/or corrected	50% findings accepted and/or corrected	no past findings accepted and/or corrected
Familiarity of computerized systems	competent use of computerized system	moderate competence of computerized system	fair competence use of computerized systems
Extent of documented policies and procedures for the area	fully documented, up-to-date, and employees are aware of contents	policies documented, but no operating procedures	no documentation, all instruction oral

Internal Audit Cycle

Risk Assessment guidelines:

A risk assessment will be performed by Internal Auditor at least annually to assess risk in all audit areas.

***Note: Risk assessment may be performed more frequently if there are significant changes in operations.**

Internal Audit schedule will be developed annually and approved by Board of Directors.

Audit Cycles based on risk ratings:

Audits rated 1.0 - 1.5	Low Risk	Audit cycle = every 36 months
Audits rated 1.51 - 1.83	Medium Risk	Audit Cycle = every 24 months
Audits rated above 1.84	High Risk	Audit Cycle = Annually

***Audits rated below High Risk but will be performed annually:**

**Community Reinvestment Act
Branch Audits
Pledged Loans
Insider Loans
SCRA/MLA**

First National Bank Northwest Florida



MONTHLY REPORT to the BOARD OF DIRECTORS

COMPLIANCE PROGRAM

November 2020

COMPLIANCE PROGRAM

This report, submitted by Denise Bunes, Assistant Vice President, Compliance Officer & Internal Auditor, covers the period November 1 through November 30, 2020.

PROGRAM STATUS

The Compliance Program is administered according to the Compliance Program Policy adopted by the Board of Directors.

COMPLIANCE CHANGES / PROJECTS / BANK NEWS

- Compliance Officer emailed employees who had not completed their online course curriculum to complete their online training before year-end.
- Compliance Officer ordered Wolters Kluwer IRA amendments to mail to IRA customers in December.
- ERM Committee approved an extension of waiving the Reg DD Excessive Debit activity fee through December 31st. This is one of the extraordinary measures management approved to assist customers during the pandemic.

POLICY & PROCEDURE CHANGES

- The attached policy was submitted for approval by the Board of Directors for new regulation content:
 - 1) **Problem Asset Policy** – the Helping Families Save Their Homes Act of 2009 was to expire on December 30, 2014; however, was revised to state: President Trump signed a permanent extension on May 29, 2018.
- The attached policies were submitted for approval by the Board of Directors with no changes:
 - 2) **Customer Identification Policy**
 - 3) **Insider Lending Policy**
 - 4) **Outsourcing Technology Services Policy**
 - 5) **Vendor Management Policy**

REGULATORY & ECONOMIC NEWS / CHANGES

ECONOMY

Fed Maintains Rates as Economic Hardship Continues

The Federal Reserve will keep its target range for the federal funds rate at 0 to 0.25% as the economy remains well below levels of output seen at the start of the year, even as economic recovery continues, the Federal Open Market Committee said. The committee said it expects to maintain that range until the labor market reaches maximum employment (based on the committee's assessment) and inflation has risen to 2% and stays on track to moderately exceed 2%.

"The path of the economy will depend significantly on the course of the virus. The ongoing public health crisis will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term," the committee said in its statement.

Weaker demand and declines in oil prices earlier in the year have been holding down consumer price inflation, the committee said, adding that "financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses."

In a press conference after the release of the FOMC statement, Fed Chairman Jerome Powell said that "as we have emphasized throughout the pandemic the outlook for the economy is extraordinarily uncertain and will depend in large part on the success on efforts to keep the virus in check. The recent rise in new COVID-19 cases both here in the United States and abroad is particularly concerning." [Read more.](#)

OCC: Pandemic, Low Rates Shape Risk Environment for Banks

The response to the coronavirus pandemic continues to shape the risk environment for banks, according to the OCC's Semiannual Risk Perspective. Key risks the OCC highlighted were credit risk as the ongoing economic downturn affects debt service capability, strategic risk from a long-term low-rate environment, cyber risk as many banks continue operating in a primary or partial work-from-home environment and compliance risk as banks implement new programs to support the recovery.

The report highlighted credit risk in both commercial and consumer portfolios. While "banks need to work with borrowers while making timely recognition of risk—emphasis on timely," said Acting Comptroller Brian Brooks during a press briefing yesterday, he added that "we need real-time and accurate information about loans that are going south, loans that are at risk, loans that should be classified. We will not be punishing banks for loans that were prudently underwritten at the front end, but we will look very carefully at banks that fail to recognize the risk in those loans at this present moment in the pandemic response."

The OCC also flagged the transition away from the London Interbank Offered Rate, noting that in 2021, “the OCC will increase its oversight, particularly for banks with significant Libor exposure or less-developed transition processes.” The agency also noted an increase in ransomware attacks using phishing emails and risks stemming from an increasingly technologically complex operating environment.

The OCC acknowledged that banks were well-positioned at the outset of the pandemic with “historically high capital ratios and amply liquidity.” The number of banks with a CAMELS rating of 3, 4 or 5 did not change materially, nor did the number of outstanding Matters Requiring Attention. [Read more](#)

Survey: Consumers Willing to Spend More to Support Small Business

U.S. consumers are willing to pay more to support small business, with seven in 10 saying that is more important than getting the best deal, according to a new survey by MUFG Union Bank. Four in 10 consumers said they are willing to spend \$20 more on a purchase to support small businesses.

The survey also found that 74% of U.S. consumers feel an increased sense of responsibility to support their community this year. More than half of respondents said they have already increased how much they shop and spend at small businesses to help keep them afloat during the COVID-19 pandemic with 54% saying they're specifically planning to shop at minority-owned small businesses.

This holiday season, retail is the only sector for which a majority of consumers say they intend to spend more or the same as last year, with 62% saying they expect to cut back on travel and 52% saying restaurant spending will decline, the survey found. The holiday shopping season also will revolve less around big shopping events, the survey found that only one in five consumers plan to do most of their shopping on Black Friday and/or Cyber Monday. [Read more.](#)

REGULATORS

OCC Updates Corporate Governance Toolkit for Bank Directors

The OCC said it has updated its Director's Toolkit designed to help national bank directors fulfill corporate governance responsibilities. The updated toolkit now includes a new publication the "Director's Reference Guide to Board Reports and Information" and a revised "Director's Book: Role of Directors for National Banks and Federal Savings Associations." [Read more.](#)

Treasury Seeks to Wind Down Emergency Credit Facilities

With several emergency credit facilities created to respond to the COVID-19 emergency scheduled to wind down by year's end, Treasury Secretary Steven Mnuchin asked the Federal Reserve to return unused funds in several facilities to the Treasury. The facilities Mnuchin sought to wind down are the Main Street Lending Program, the Primary Market Corporate Credit Facility, the Secondary Market Corporate Credit Facility, the Term Asset-Backed Securities Loan Facility and the Municipal Liquidity Facility.

Treasury approved \$195 billion in CARES Act funding for these facilities, supporting lending capacity of about \$2 trillion, but just \$25 billion has actually been lent. "While portions of the economy are still severely impacted and in need of additional fiscal support, financial conditions have responded and the use of these facilities has been limited," Mnuchin said. Returning the funds would "allow Congress to re-appropriate \$455 billion," he added.

However, Mnuchin asked that the Fed extend two facilities that used Treasury funding—the Commercial Paper Funding Facility and the Money Market Mutual Fund Liquidity Facility—as well as the Primary Dealer Credit Facility and PPP Liquidity Facility, which did not use Treasury funding, for 90 days.

In a statement, the Fed responded that it "would prefer that the full suite of emergency facilities established during the coronavirus pandemic continue to serve their important role as a backstop for our still-strained and vulnerable economy." [Read Mnuchin's letter.](#)

Dollar Thresholds for Exempt Transactions Hold Steady

Due to an annual decrease in consumer prices, financial regulators announced yesterday that the dollar threshold at which higher priced-mortgages become subject to special appraisal requirements will remain unchanged at \$27,200 in 2021.

Agencies also said yesterday that the threshold under which consumer credit and lease transactions under Regulation Z (Truth in Lending Act) and Regulation M (Consumer Leasing Act) are exempt will remain at \$58,300 in 2021.

Powell, Mnuchin: Additional COVID-19 Fiscal Support Needed

In a Senate Banking Committee hearing on the coronavirus response yesterday, Federal Reserve Chairman Jerome Powell and Treasury Secretary Steven Mnuchin emphasized the importance of additional fiscal support as the economy continues to feel the effects of the COVID-19 pandemic. An additional stimulus could serve as a “bridge” that would help hard-hit sectors of the economy survive until a vaccine can be distributed, they said.

While Powell observed that the economy has “performed better than expected” overall during the pandemic, certain sectors have been disproportionately affected, including small businesses. “What we’re hearing from community bankers . . . is that there are a lot of small businesses that are at risk of going out of business during this winter, which could be a tough few months,” he said.

“More fiscal response is needed,” added Mnuchin, calling on lawmakers to focus their efforts on “what we can pass quickly on a bipartisan basis to target the most difficult part of the economy.” Among other things, he urged lawmakers to reallocate the \$140 billion in unspent Paycheck Protection Program funds, emphasizing that “these small businesses can’t wait two or three months.”

He also recommended that certain funds be set aside specifically for community development financial institutions to ensure that loans are flowing to low-to-moderate-income communities. He applauded a bipartisan effort led by Sens. Mark Warner (D-Va.) and Tim Scott (R-S.C.) that would allocate an additional \$10 to \$12 billion for CDFIs, “which will create \$100 billion of lending quickly.”

Fed: ‘Great Deal of Uncertainty’ Around Credit Quality Due to COVID-19

Banks “remained well capitalized throughout” the COVID-19 pandemic, even as they absorbed large losses, according to the Federal Reserve’s latest financial stability report. The Fed noted that capital ratios have “generally recovered to pre-pandemic levels” since the last report was issued in May 2020, but that the pandemic “highlighted how vulnerabilities related to leverage and funding risk at nonbank financial institutions could amplify shocks in the financial system in times of stress.”

Corporate debt—which was already high at the start of the pandemic—has continued to rise and credit quality for small businesses “has worsened notably” since the COVID-19 outbreak began, the Fed said. Additionally, a weakening in household

finances could pose “a significant medium-run vulnerability for the financial system,” according to the report. However, it noted that a deterioration in household credit quality has been mitigated by government support programs, including expanded unemployment and economic impact payments.

“Because of the implementation of loss-mitigation programs, government stimulus payments and PPP loans, the true status of credit quality is not reflected in loan delinquencies,” the Fed cautioned. “As these programs expire, some of these accounts in loss mitigation could roll into and be reflected in higher bank delinquency rates later this year and early next year, followed by higher charge-off rates and losses. All told, a great deal of uncertainty about the future path of these losses remains.”

The Fed also flagged several near-term risks to the financial system, including a prolonged economic slowdown, disruptions in global dollar funding markets and stresses emanating from Europe—including those related to COVID-19 and a potential no-deal Brexit—as well as emerging market economies. It also addressed the implications of climate change for financial stability. [Read the report.](#)

OFR Flags Macroeconomic, Credit Risk in Annual Report

The Treasury Department's Office of Financial Research flagged macroeconomic risk and credit risk as top areas of concern as the nation continues to deal with the economic stresses caused by COVID-19. In its annual report to Congress, OFR noted that macroeconomic risk is heightened due to the uncertain trajectory of the virus and the economic recovery, and warned that “government interventions provide support, but could come at the cost of higher inflation.”

Meanwhile, leverage remains high among nonfinancial corporations, OFR said. “U.S. corporate leverage was already high entering into 2020, especially among companies with credit ratings below investment grade. Those same companies may now face operating challenges as the ability to service debt or take on additional debt declines.”

The report added that “as has been the case in past financial crises, commercial real estate is expected to be a prime source of potential credit problems.” OFR noted that large CRE exposures—those exceeding three times tangible common equity—“are concentrated among hundreds of smaller banks that hold a small, but not insignificant

portion of industry assets.” The report also cited outside research that suggested that “bank CRE loan defaults may not peak until late 2020 or early 2021.”

In addition to those two high-risk areas, OFR said that, among other things, market risk is elevated, liquidity and funding risks are moderate, while cyber risks continue to grow, “both in volume and sophistication.” [Read the report.](#)

RATES

Mortgage Rates Dips to Record Low for 12th Time This Year

The 30-year fixed-rate mortgage averaged 2.78% this week, the 12th time this year the rate has fallen to a record low, declining from 2.81% the prior week, Freddie Mac said yesterday.

A year ago at this time, the 30-year FRM averaged 3.69%. Meanwhile, the 15-year fixed-rate mortgage average was 2.32%, unchanged from last week. A year ago, the 15-year FRM averaged 3.13%. [Read more.](#)

ANTI-MONEY LAUNDERING

FinCEN Releases Fact Sheet to Clarify BSA Expectations for Charities

The Financial Crimes Enforcement Network and with the federal banking agencies yesterday released a fact sheet clarifying Bank Secrecy Act expectations for charities and nonprofit customers. FinCEN reminded banks to apply a risk-based approach to customer due diligence requirements when developing the risk profiles of charities and other nonprofit customers and added “the application of a risk-based approach is consistent with existing CDD and other Bank Secrecy Act/Anti-Money Laundering compliance requirements.”

FinCEN said new fact sheet does not alter existing BSA/AML legal or regulatory requirements and that broadly the government does not view the charitable sector as being at an unacceptably high risk for being exploited for money laundering, terrorist financing or evasion of sanctions. [Read the fact sheet](#)

Fair Lending and CRA Complaints & Resolution

There have not been any fair lending or Community Reinvestment Act (CRA) complaints in over fourteen years.

Bank Failures & Assistance – FDIC

Bank Failures List – FDIC	
Total 2020 Y-T-D	4
Total 2019	4
Total 2018	0
Total 2017	8
Total 2016	1
Bank Secrecy Act / Anti-Money Laundering Civil Money Penalties	
ISSUANCES HISTORY	AMOUNT
Total 2020 Y-T-D	\$60,500,000
Total 2019	\$1,335,350
Total 2018	\$656,160,000
Total 2017	\$58,190,000
Total 2016	\$7,500,000
FLOOD Civil Money Penalties	
ISSUANCES HISTORY	AMOUNT
2020 Issuances Y-T-D	\$18,640,769
2019 Issuances	\$611,949
2018 Issuances	\$494,945
2017 Issuances	\$2,837,589
2016 Issuances	\$633,139

POLICIES & PROCEDURES

Policies are reviewed and approved by the Board on an annual schedule. Policies are scheduled by month and officer or manager of responsibility. The Compliance Officer distributes the current bank policy, along with the current LexisNexis/Mathew Bender policy to be updated for Board review and approval. Once approved, the Compliance Officer updates the policy on the server and notifies all employees of the policy and updates. All employees have easy access to the Policies on the bank's Hub. Annually, employees are emailed the bank's Conflict of Interest/Code of Ethics, Bank Secrecy Act and Customer Identification Policies and respond to Compliance Officer's email as evidence they read them. Department procedure manuals are also included in the Policy folder. Procedure manuals are updated as needed throughout the year. Policies are updated throughout the year as needed due to regulation changes, bank procedures, or change in employee responsibilities and/or titles with Board approval. Employees are notified monthly of any policy revisions and emailed the updated policies.

UPDATE: Policies are maintained on the Bank's Intranet "The Hub" under 6 categories: 1) Retail Operations 2) Lending Operations 3) Human Resources 4) Marketing 5) Accounting & Bookkeeping and 6) Compliance. Procedures and forms will follow as these are organized and updated.

TRAINING

Compliance training, as well as, pertinent department specific compliance-based training, is scheduled for all employees at the beginning of each year. The classes, for the most part, are Internet training classes through ABA Frontline Compliance. In addition, Compliance Officer emails department-specific webinars to officers & employees to participate in, if appropriate for their department. Classes are assigned according to regulation requirements, department and need, with other training assigned when necessary. Compliance Officer procures specific training deemed by management as necessary for pertinent employees. Michelle Wright, HR Manager/Training Coordinator maintains an individual training record for each bank employee.

The new ABA Frontline Compliance Courses are assigned by the HR Manager according to regulations and job assignments. Compliance Officer reviewed & approved the assignments. New employees are assigned their job-specific plus regulation required courses upon hire and annually thereafter. They are asked to complete their training within their 90-day probationary period with passing grades of 80% The HR Manager assigned all required job-specific ABA Frontline Compliance Online Training to employees for the training year 2020.

***Note: Due to some possible elderly financial abuse scenarios at the bank, Elderly Financial Abuse online course was added to every employee's assigned online courses.*

Employees have completed 77% of their assigned online training for the 2020 training year.

Regulation CC: Expedited Funds Availability will be revised effective July 1, 2020. In order, to prepare for these changes, compliance has assigned the newly released courses below to all employees for year 2020.

The new courses include:

- **Reg CC: Funds Availability Schedules**. This course explains the maximum hold time periods, called funds availability schedules, which vary depending on the type of deposit.
- **Reg CC: Exceptions to Funds Availability Schedules**. This course explains the statutory exceptions to the funds availability schedules that allow banks to hold funds beyond the general maximum hold periods.
- **Reg CC: Disclosures and Notifications**. This course addresses certain disclosures designed to help customers understand when money from deposits is available for their use.

COMPLIANCE REVIEW PROGRAM

The internal auditor schedules compliance & operational audits after completing an annual risk assessment. Audits are scheduled in 12-, 24-, or 36-month cycles according to risk. The Internal Audit schedule and risk assessment are approved in the December board meeting. All audit reports are submitted to the Board of Directors upon completion. Quarterly, the Directors are presented with an **Audit Findings Tracker** which informs the Board of audits completed, results, any findings, employee or department responsible to correct findings and action taken, if needed, to correct findings.

The bank's OCC Safety & Soundness Examination was held July 27th through August 13th. The IT and BSA areas were delayed until August 21st. Management received and approved the Report of Examination on October 15th. The late SAR filing violation was cleared and closed with no further action during the exam. Julie Freeman, Examiner in Charge, presented her findings in October's board meeting.

Saltmarsh, Cleveland & Gund completed the bank's **EOY Interim Fieldwork** the last week in October. The completion of the EOY CPA Audit is scheduled for February 2021.

External Review 2021 Schedule:

The Enterprise Risk Management Committee met to discuss future external audits. The following is a preliminary external audit/review schedule for 2021 was submitted to the Board and approved:

Saltmarsh, Cleveland & Gund	EOY Interim Fieldwork	Week of 10/26/20
Saltmarsh, Cleveland & Gund	EOY CPA Financials Review	February 2021
Saltmarsh, Cleveland & Gund	Tax Review	February 2021
Saltmarsh, Cleveland & Gund	Annual Interest Rate Risk Model Validation Review	March 2021
Focus Audits	Vulnerability Scans	April 2021
Focus Audits	GLBA Risk Assessment Penetration testing	April 2021
Focus Audits	Internal Penetration Test	April 2021
Focus Audits	External Penetration Test	April 2021
Focus Audits	Social Engineering Test	April 2021
Saltmarsh, Cleveland & Gund	Annual Loan Review	April 2021
Compliance Individualized LLC	Deposit Compliance Review	Fall of 2021
Compliance Individualized LLC	Loan Compliance Review	Fall of 2021
Compliance Individualized LLC	BSA/AML Compliance Review	Fall of 2021

MONITORING

Monitoring consists of a review of deposit and loan Adverse Action, Availability of Funds (Reg CC) review, and Bank Secrecy Act (BSA) and Anti-Money Laundering (AML) daily, monthly, quarterly monitoring, along with, an annual audit. The BSA Officer reviews each deposit and credit denial and CTR filed for accuracy and compliance. The Head Teller reviews and signs off on every deposit hold placed on deposits. The internal auditor performs annual audits of these areas. After conversion, the BSA department is utilizing **GateKeeper** an automated anti-money laundering program to monitor account transactions. Accounts are reviewed for ACH, ATM, deposits, and/or checks outside of the normal parameters, risk ratings for smurfing, structuring, and other criteria are monitored daily in an effort to prevent bank losses due to fraud and avoid use of accounts for money laundering.

Falcon is the bank's debit card fraud manager. This program builds a transaction pattern for each account holder within the first 45-day period. The bank will receive an email from Falcon anytime they work a customer fraud case. They also provide a customer service support line so our debit card customers have 24-hour support.

Respectfully submitted by:



Denise Bunes
Compliance Officer / Internal Auditor

**FIRST NATIONAL BANK NORTHWEST FLORIDA
Annual Report to the Board of Directors**

**CUSTOMER INFORMATION PROTECTION REPORT
December 2020**

The Internal Audit Department reviewed current Information Security policies and procedures and conducted independent testing of personnel and procedures to ensure the privacy of customers is safeguarded.

POLICY AND PROCEDURES:

The Information Security, Identity Theft, Incident Response, Privacy, Vendor Management, Right to Financial Privacy, and Cybersecurity policies are approved annually by the Board of Directors according to a policy review schedule. The board approved a new Cybersecurity policy in June 2016 which has been incorporated into the bank's Information Security Program. Employees are emailed when policies are revised with a brief summary of changes. The Information Security Program Annual Report to the Directors was submitted July 30, 2020.

PROCEDURES IN PLACE TO SAFEGUARD CUSTOMER INFORMATION:

- All employees are required to pass three (3) customer information protection online training courses annually: BSA/AML: CIP Basics, Information Security and Red Flags and Privacy for Customer Contact Personnel.
- The Information Security/Risk Committee performs a bank-wide information security risk assessment annually, in order, to rate the bank's risk and presents to the Board in July. The results of the risk assessment were satisfactory. This committee is scheduled to meet at least quarterly to discuss and resolve any issues.
- Auditor performs an Internal Control / Information Security audit annually. The December 2019 review had no findings to report. The 2020 audit is scheduled for December.
- The Fair and Accurate Credit Reporting Act mandates that personal customer information be properly disposed to minimize identify theft. The bank has a documented policy instructing all employees to put any disposable customer information documents in the Gilmore shred boxes located on each floor.
- ID Theft policy and procedures have been implemented to ensure the safety of customer information. In addition, breach notification procedures have been developed in case unauthorized access should occur.
- Documented procedures are in place for daily back-up of the computer server. The bank network is monitored during real-time for attacks 24/7 days a week through the bank's 3rd party vendor, AaSys Group, and the bank's firewall management is monitored by SilverSky.
- Customer account information is not provided without customer verification. Employees ask for identifying customer information before providing the requested information. Certain accounts have passwords set up in system before account information may be given.
- Compliance Individualized, LLC completed a Deposit Compliance review in May of 2020 which included Right to Financial Privacy and determined that customer information was not disclosed to governmental agencies without the proper documentation.

- Internet banking cash management customers who process Bill Pay, ACH and Wire transfers are provided several levels of protection (ID & password, challenge questions and a one-time passcode to provide a more protected end-user environment.).
- A secure password to enter individual PCs, as well as, the bank's core system is implemented for each computer user. Employees are required to type in a sign-on password that consists of at least fifteen characters, one capital letter and one numeral. Passwords automatically expire after thirty days. Employees have been informed not to email any customer account information outside the bank network unless it has been encrypted.
- The bank is in the process of going "paperless". Personal customer information such as, new account CIS sheets, signature cards, and corporate resolutions are digitally scanned to the bank's Aurora Documents program. After hurricane construction, all closed, credit files, SBA and real estate loans are secured in one windowless document storage room.
- Computer monitors that are in areas viewable by the public have privacy filter screens applied. Employees are instructed to minimize screens when leaving their desks and to lock their computer during lunch breaks.
- All service providers who are permitted access to customer information sign agreements to implement appropriate measures to safeguard customer information, as well as, the proper disposal of customer information.
- The IT Department/Third Party Vendors continuously update the bank's anti-virus programs and monitor Internet traffic. All incoming emails with documents from an external source are scanned before viewing is allowed.
- The bank contracts with Focus Audits annually to complete a GLBA risk assessment with cybersecurity framework, external and internal penetration testing with quarterly scans and social engineering. Results of the June assessment were good with minor findings.
- There have been zero security breaches in 2020.
- The Information Security & Cyber Officer and Internal Auditor review and update the FFIEC Cybersecurity Assessment Tool (CAT) annually and submit a summation report to the board of directors. This is a living document which is updated as needed and presented to the Board at least annually.
- The bank upgraded email security with a product called Proof Point Essentials. This is monitored by AaSys Group. If there is a questionable email, the email is quarantined and needs to be previewed, reviewed and approved, or deleted/quarantined.
- The bank observes National Cybersecurity Month in October by emailing all employees "30 Tips in 30 Days", as well as, safety flyers provided by National Cybersecurity Alliance.
- During the pandemic, the board approved a new Work from Home Policy and Employee Work from Home Agreement.
- Employees working from home during the pandemic were asked to sign Work from Home Policy Agreements. In addition, AaSys Group remotely upgraded every employee personal PC with anti-virus programs up to the standard used by the bank.

Respectfully submitted,



Denise Bunes
Internal Auditor

Third Party Vendor Review Annual Report to Board of Directors 2020

A Vendor Risk Management Review Program was implemented December of 2020 per request of OCC Examiner focusing on annual reviews for all identified critical/urgent risk vendors.

Critical Vendors: Committee has not rated any vendors as Critical (maximum outage minutes to 23 hours)

Urgent Vendors:

The following vendors were identified as Urgent risk vendors (maximum outage 24 hours):

- a. **Shazam Cardinal Core Services** – Third Party Core Processor
- b. **CSPI – Aurora** – POD Operations
- c. **SilverSky** – Firewall Management
- d. **AsSys Group** – Remote Operations Center (ROC) & Help Desk Center
- e. **Prometheus – Focus Audits** – Actionable Incident Response Plan Team

Vendor Review Status:

A review of all urgent vendors was completed in November 2020. The reviews included the following:

- a. A review of financial statements
- b. A review of SSAE16 reports and the bank's response to any concerns
- c. Contract review for compliance with GLBA
- d. Verification of Proof of Insurance (E&O, Liability, etc.)
- e. Vendor Performance Review

Summary of reviews:

Summary of reviews:

- a. All vendor performance was found to be satisfactory
- b. All contracts were found to be compliant
- c. No concerns were noted on financial statements
- d. All SSAE16 reports are current
- e. All insurance was found to be satisfactory
- f. All urgent vendors have a W-9 on file

Comments:

No findings or comments



Submitted by: Denise Bunes
Internal Auditor & Compliance Officer

December 17, 2020

**BANK SECRECY ACT (BSA) PROGRAM
MONTHLY BOARD REPORT
November 30, 2020**

This report, submitted by Steven Dvorak, BSA Officer, covers the period November 1, 2020 through November 30th..

Training:

With the start of a new year the bank has assigned various computer-based training courses to each employee based on specific job duties. Many of these courses will be BSA/AML related. Last year 100 percent of employees completed their training. As of the end of this month, 84 percent had completed their annual training.

Regulatory News:

Cybercriminals Prefer 'Old School' Money Laundering Methods

Cybercriminals still prefer to use "money mules" and drug trafficking to launder money tied to their bank hacking activities rather than cryptocurrency transactions, according to a report from SWIFT, which handles intra-bank financial transactions.

Money laundering is usually accomplished using physical methods, such as having so-called money mules open and access bank accounts, creating front companies, selling drugs or engaging in human trafficking. While cryptocurrencies and digital wallets are increasingly used for money laundering, their use still remains relatively rare, the SWIFT report notes. But it warns that use of cryptocurrency for money laundering is likely to increase as new payment tools, such as prepaid cryptocurrency cards, emerge.

"Irrespective of the cyberattack method, the challenge all criminals face after a successful cyberattack is getting ahold of cash or other liquid financial assets that are perceived as 'clean,'" according to the SWIFT report. "A common denominator that underpins cyber heists is the essential function of the money mule - irrespective of the diversity of the cybercrime group, the execution of the heist or the final destination of laundered funds." The researchers found that cybercriminals, including nation-state actors, threat groups and individual hackers, believe physical methods of money laundering, including use of money mules, offer better obfuscation than modern methods such as using cryptocurrency.

The report notes that for money laundering, stolen funds go through three phases: (1) Placement, when stolen money is introduced into the financial system, (2) Layering, when illicit funds are moved through the financial system to disguise their origin ownership, and (3) Integration, when laundered funds are re-introduced to the legitimate economy or reinvested into the criminal enterprise.

Monitoring Activities:

The BSA Officer and other key bank employees continue to review daily, weekly, and monthly reports intended to help identify unusual activity. Accounts are reviewed for

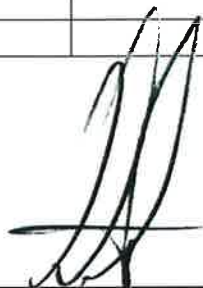
ACH, ATM, cash, wires, deposits, and/or checks outside of the normal parameters, for activity that gives the appearance of money laundering. Any potential patterns would be investigated by the BSA Officer for possible reporting to the appropriate government agency (FinCen).

Reported Activity (CTRs/SARs):

During the calendar year 2020 the following reports were filed with FinCen:

Reporting Activity:		
	Report Month:	YTD Activity:
CTRs Filed	11	149
CTRs Returned for Errors	0	0
SARs Filed	1	3
SARs Not Filed After Investigation:	0	0

SAR Reports Filed During the Month:			
Date filed	Amount	Reason	How was activity uncovered?
11/10/20	20,000	Customer engaged in activity designed to avoid regulatory reporting.	Teller advised the BSA officer of the customer comment.
While talking to one of the bank CSR's, the customer inquired if we were obligated to report a \$25,000 cash deposit. When the CSR indicated the bank would be required to report such a transaction, the couple decided to limit their deposit to \$10,000 in cash. A second \$10,000 cash deposit was made 3 days later. Knowingly structuring deposits to avoid reporting is a violation of banking law.			



Steven Dvorak
VP Credit Admin / BSA Officer

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LOAN OFFICER STATUS REPORT AND RISK ASSESSMENT:

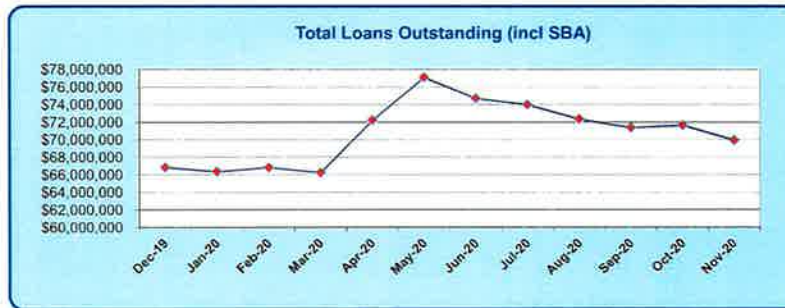
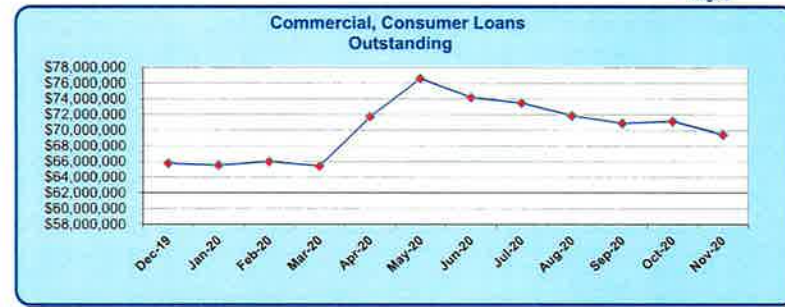
Date:	MARTY PERRETT		KIM JOHNS		ANGIE BARGER		BRENT BROWN		THERESA WALLACE		FNBNWFL TOTALS
LOAN PORTFOLIO MANAGEMENT:											
LOANS OUTSTANDING BY OFFICER	\$ 20,020,761	\$ 26,436,637	\$ 19,710,922	\$ -	\$ -	\$ 3,339,395					\$ 69,507,715
# of Loans	95	79	84	0	0	33					291
TOTAL SBA 7a LOANS		\$ 485,425									\$ 485,425
# of Loans		6									6
Overdrafts and PURCH. PREM:		\$ (147,751)									\$ (147,751)
TOTAL LOANS OUTSTANDING:	<u>\$ 20,020,761</u>	<u>\$ 26,774,311</u>	<u>\$ 19,710,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,339,395</u>					<u>\$ 69,845,389</u>
# of Loans	95	85	84	0	0	33					297
% of Total Banks Portfolio:	28.66%	38.33%	28.22%	0.00%	0.00%	4.78%					100.00%
AVERAGE PORTFOLIO APR	4.567%	4.001%	4.458%	0.000%	0.000%	4.834%					4.366%
AVG. LOAN SIZE IN PORTFOLIO:	\$ 210,745	\$ 314,992	\$ 234,654			\$ 101,194					\$ 235,170
CRITICIZED & CLASSIFIED LOANS:											
	\$/%	\$/%	\$/%	\$/%	\$/%	\$/%					
RISK RATING 5 (FAS 5 & 114)	\$ 1,542,711 3	\$ - 0	\$ -	\$ -	\$ -	\$ -					\$ 1,542,711
% of Portfolio	7.71%	0.00%	0.00%	0.00%	0.00%	0.00%					2.21%
RISK RATING 6 - Accruing	\$ -	\$ 950,000 1	\$ -	\$ -	\$ -	\$ -					\$ 950,000
% of Portfolio	0.00%	3.55%	0.00%	0.00%	0.00%	0.00%					1.36%
RISK RATING 6 - Non-Accruing	\$ -	\$ 195,465 1	\$ -	\$ -	\$ -	\$ -					\$ 195,465
% of Portfolio	0.00%	0.73%	0.00%	0.00%	0.00%	0.00%					0.28%
RISK RATING 7 - Doubtful	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ -
% of Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.00%
NON-PERFORMING LOANS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ 195,465
% of Portfolio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%					0.28%
TOTAL CRITICIZED/CLASSIFIED LOANS:	\$ 1,542,711 3	\$ 1,145,465 2	\$ - 1	\$ -	\$ -	\$ -					\$ 2,688,175
O.R.E.O.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					\$ -
TOTAL CRIT/CLASS & OREO:	\$ 1,542,711 3	\$ 1,145,465 2	\$ - 1	\$ -	\$ -	\$ -					\$ 2,688,175
PAST DUE LOAN STATUS:											
	\$	#	\$	#	\$	#	\$	#	\$	#	\$
31-59	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -	0	\$ -
60-89	\$ -	0	\$ 400,876	1	\$ -	0	\$ -	0	\$ -	0	\$ 400,876
90 >	\$ -	0	\$ 195,465	1	\$ -	0	\$ -	0	\$ -	0	\$ 195,465
TOTAL	\$ -	0	\$ 596,341	2	\$ -	0	\$ -	0	\$ -	0	\$ 596,341
Lns >30dpd to Tot. Lns.	0.00%		2.23%		0.00%		#DIV/0!		#DIV/0!		0.85%
EXCEPTION TRACKING:											
Policy:	2	10	19	0	0	7					38
Documentation:	0	0	0	0	0	0					0
Ins/FS/TR	1	15	9	0	0	3					28
TOTAL Exceptions:	3	25	28	0	0	10					66

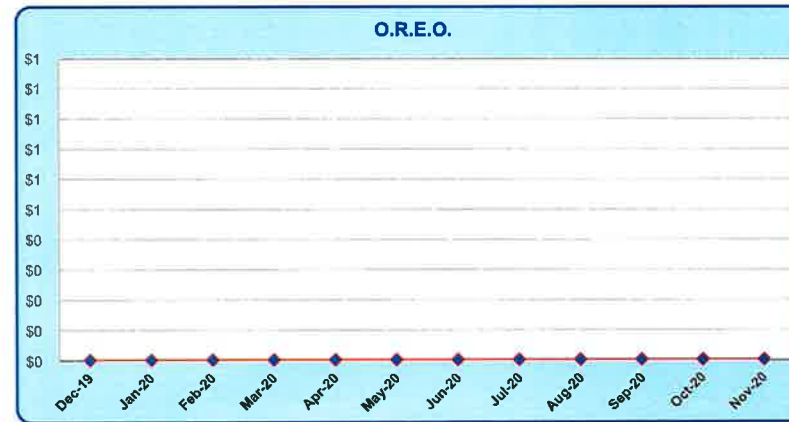
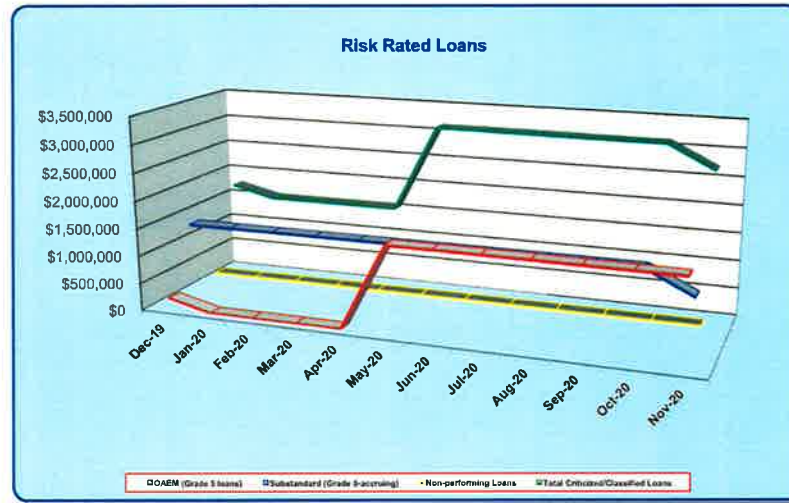
LOAN OFFICER STATUS REPORT AND RISK ASSESSMENT:

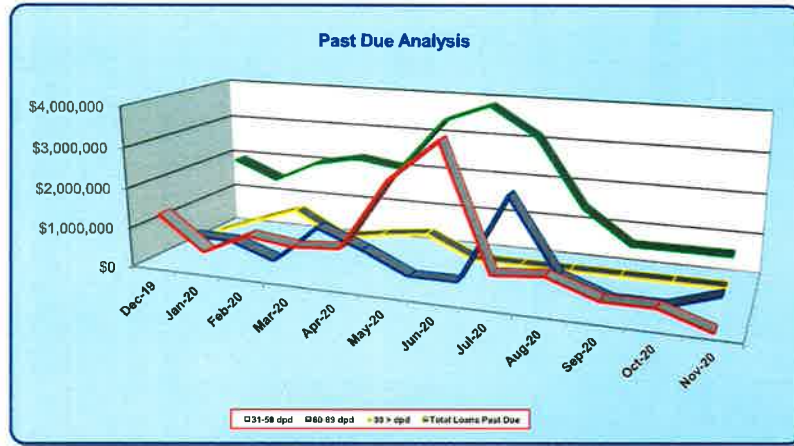
Date: November 30, 2020

	MARTY PERRETT	KIM JOHNS	ANGIE BARGER		BRENT BROWN	THERESA WALLACE	FBNBWL TOTALS
COMPARISONS from LAST MONTH:							
CURRENT MONTHS OUTSTANDINGS:	20,020,761	26,774,311	19,710,922	0	0	3,339,395	69,845,389
PRIOR MONTHS OUTSTANDINGS:	<u>20,457,097</u>	<u>27,582,989</u>	<u>20,151,228</u>	<u>0</u>	<u>0</u>	<u>3,372,232</u>	71,563,547
INCREASE / DECREASE:	(\$436,336)	(\$808,678)	(\$440,306)	\$0	\$0	(\$32,837)	(\$1,718,157)
CURRENT MONTHS CRIT/CLASS LOANS:	1,542,711	1,145,465	0	0	0	0	2,688,175
PRIOR MONTHS CRIT/CLASS LOANS:	<u>1,546,844</u>	<u>1,545,361</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	3,092,205
INCREASE / DECREASE:	(\$4,133)	(\$399,896)	\$0	\$0	\$0	\$0	(\$404,030)
CURRENT MONTHS O.R.E.O.:	0	0	0	0	0	0	0
PRIOR MONTHS O.R.E.O.:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	0
INCREASE/DECREASE:	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CURRENT MONTHS PAST DUES:	0	596,341	0	0	0	0	596,341
PRIOR MONTHS PAST DUES:	<u>0</u>	<u>596,237</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	596,237
INCREASE / DECREASE:	\$0	\$104	\$0	\$0	\$0	\$0	\$104
CURRENT MONTHS EXCEPTIONS:	<u>3</u>	<u>25</u>	<u>28</u>	<u>0</u>	<u>0</u>	<u>10</u>	66
PRIOR MONTHS EXCEPTIONS:	<u>8</u>	<u>25</u>	<u>48</u>	<u>0</u>	<u>0</u>	<u>13</u>	94
INCREASE / DECREASE:	(5)	0	(20)	0	0	(3)	(28)

TOTAL LOAN PORTFOLIO STATISTICS:		RISK CATEGORIES:			
		BALANCES	% of TOTAL LOANS	% of TOTAL CAPITAL	
TOTAL LOANS OUTSTANDING	\$ 69,845,389	HOTEL/MOTEL LOANS:	\$ 14,720,225	21.08%	69.68%
AVERAGE APR	4.37%	LOAN POLICY EXCEPTIONS:	\$ 509,851	0.73%	2.41%
LOANS 30 TO 89 DPD	\$ 400,876	INSURANCE WAIVED EXPOSURE:	\$ 68,583	0.10%	0.32%
% OF TOTAL BANK PORTFOLIO	0.57%	RESTRUCTURED LNS-REPORTABLE:	\$ -	0.00%	0.00%
LOANS 90 AND MORE DPD	\$ 195,465	RESTRUCTURED LNS-NOT REPORTABLE:	\$ 678,332	0.97%	3.21%
% OF TOTAL BANK PORTFOLIO	0.28%	TOTAL LOANS NON-ACCRUING:	\$ 195,465	0.28%	0.93%
ALLOWANCE FOR LOAN & LEASE LOSS RESERVE:	1.93%	TOTAL CRIT/CLASS/OREO LOANS:	\$ 2,688,175	3.85%	12.73%
UNALLOCATED ALLL/(SHORTAGE) 09/30/2020:	\$ 355,724	(1) TOTAL NON-PERFORMING ASSETS:	\$ 195,465	0.28%	0.93%
					(1) - 90 dpd Ins + Non-accruing Lns + OREO + Reportable Restructured Lns.







CRITICIZED/CLASSIFIED LOAN LIST BY OFFICER: OAEM Grade 5 Loans

ACCT. NO.	NAME	DATE CRITICIZED	OFFICER	BANK'S BALANCE	SBA 7a GUARANTEE	TOT. DEBT	COLLATERAL IMPAIRMENT-DEP.	ACCRUAL STATUS
			AMB	\$ -				
			TOTAL PERFORMING:	\$ -				
132507570	Harvest Worship Center Inc	5/31/2020	GMP	\$ 609,357.02	N/A	\$ 609,357.02	No	Yes
132507572	Harvest Worship Center Inc	5/31/2020	GMP	\$ 513,353.76	N/A	\$ 513,353.76	No	Yes
132507573	Harvest Worship Center Inc	5/31/2020	GMP	\$ 420,000.00	N/A	\$ 420,000.00	No	Yes
			TOTAL PERFORMING:	\$ 1,542,710.78				
			TBW	\$ -		\$ -		
			TOTAL PERFORMING:	\$ -				
			TOTAL PERFORMING:	\$ -				
			TOTAL PERFORMING:	\$ -				
TOTAL OAEM Grade 5 Loans:				\$ 1,542,710.78				

CRITICIZED/CLASSIFIED LOAN LIST BY OFFICER: SUBSTANDARD - (GRADE 6) - SUBSTANDARD - NON-ACCRUAL

ACCT. NO.	NAME	DATE CLASSIFIED	OFFICER	BANK'S BALANCE	SBA 7a GUARANTEE	TOT. DEBT	COLLATERAL IMPAIRMENT-DEP.	ACCRUAL STATUS
			TOTAL PERFORMING:	\$ -				
			TOTAL NON-PERFORMING:	\$ -				
			TOTAL PERFORMING:	\$ -				
			TOTAL NON-PERFORMING:	\$ -				
132534970	Jones, Gaglio & Dennis PA		KMJ	\$ 195,464.68	N/A	\$ 195,464.68	No	No
132537271	D&H Properties LLC		KMJ	\$ 950,000.00	N/A	\$ 950,000.00	No	Yes
			TOTAL PERFORMING:	\$ 950,000.00				
			TOTAL NON-PERFORMING:	\$ 195,464.68				
			TOTAL PERFORMING:	\$ -				
			TOTAL NON-PERFORMING:	\$ -				
TOTAL SUBSTANDARD Performing Grade 6 Loans:				\$ 950,000.00				
TOTAL SUBSTANDARD Non-Performing Grade 6 Loans:				\$ 195,464.68				

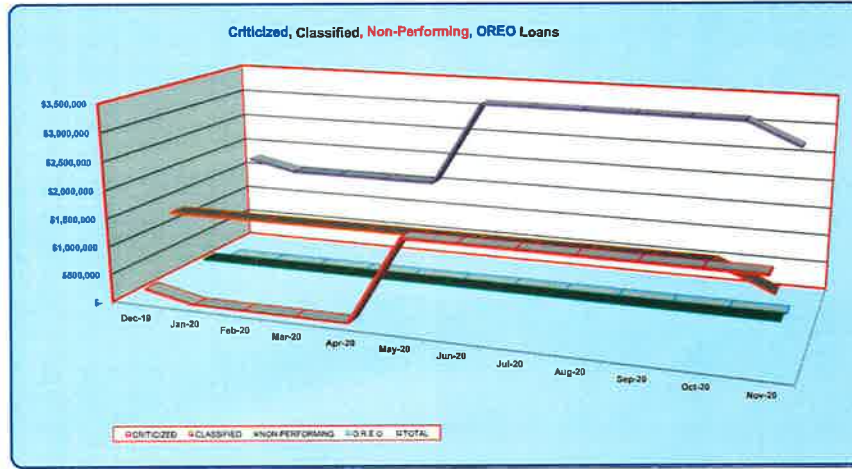
CRITICIZED/CLASSIFIED LOAN LIST BY OFFICER: **DOUBTFUL - (GRADE 7) - DOUBTFUL NON ACCRUAL**

ACCT. NO.	NAME	DATE CLASSIFIED	OFFICER	BANK'S BALANCE	SBA 7a GUARANTEE	TOT. DEBT	COLLATERAL IMPAIRMENT-DEP.	ACCRUAL STATUS
			AMB	\$ -	\$ -	\$ -		
			TOTAL NON-PERFORMING:	\$ -				
			GMP	\$ -	\$ -	\$ -		
			TOTAL NON-PERFORMING:	\$ -				
			KMJ	\$ -	\$ -	\$ -		
			TOTAL NON-PERFORMING:	\$ -				
			TBW	\$ -	\$ -	\$ -		
			TOTAL NON-PERFORMING:	\$ -				
			TOTAL DOUBTFUL, Grade 7, Non-Performing Loans:	\$ -				

RESTRUCTURED LOAN SUMMARY:

ACCT. NO.	NAME	DATE CLASSIFIED	OFFICER	REPORTABLE TDR BALANCE	NON-REPORTABLE TDR BALANCE	LOAN GRADE	COLLATERAL IMPAIRMENT-DEP.	ACCRUAL STATUS
132311270	Pratik & Priyam	1/31/2011	KMJ	\$ -	\$ 678,331.67	4	NO	YES
	TOTAL:			\$ -	\$ 678,331.67			

QUARTERLY WRITTEN ACTION PLAN STATUS REPORT: OAEM-Blue; SS-Black; NonAccrual-Red											November 30, 2020	
											Page 9	
	NAME	GRADE	LN BAL/COMIT. net of 7a guarantee	NON-ACCRUAL	DATE CRITICIZED	ASC 310 IMPAIRED?	COLL. DEPEND	DATE APPREVAL	VALUE	LTV	STATUS / ACTION PLAN	TARGET DATE
132537270	D & H Properties	6	\$ 950,000.00	No	1/10/2017	No	Yes	10/15/2014	\$ 10,600,000	9%	We originated two loans for D&H on 1/5/15. The first was for \$1,350,000 to develop 40 lots known as Shoreline Village Phase 1B. A portion of this loan was sold to a participant with servicing retained. The second loan was for \$2,250,000 and is secured by approximately 243 acres. This acreage is adjacent to the Shoreline Village development and will be used for future phases. The originator of these loans was based on a contract with the largest homebuilder in the U.S., D.R. Horton. The original contract required Horton to take out all 40 lots in 1B upon completion of the infrastructure by D&H. However, because sales were slower than anticipated in previous phase (1A), Horton stalled the purchase of the 40 lots in 1B and pressured D&H to accept new contract terms. Horton did take down 15 lots in January 2017. The closing of the remaining lots in 1B was scheduled for 7/18/17 but didn't happen. Because of Horton's inability to honor the terms of the original contract, we have decided to discontinue providing development financing at the time for D&H Properties. D&H's attorney sent Horton a default notice which expired on September 5, 2017. D&H has now ceased negotiations with Horton and has the ability to market the lots directly to builders and end users. Also, D&H is discussing the sale of raw land with other developers. We have agreed to carry the loan provided D&H has an interest reserve on deposit with us to make the payments. D&H will provide us with periodic updates on their ongoing plan to sell the lots and raw acreage. In February 2018, D&H sold a 5.24 acre parcel fronting Hwy 390. The bank released this parcel for \$150,000 which reduced the land loan to \$2,100,000. In August 2018, the sale of the 27 remaining lots in the subdivision to Adams Homes closed, the development loan was then paid in full, and the land loan was reduced by \$750,000. This reduced the total debt to \$1,350,000. The OCC suggested this loan be classified as standard following their 2018 examination because without the DR Horton contract there is no verifiable source of repayment. A new appraisal on the property was done by Joan Altenpohl, MAI as of 10/17/19 which valued the 233 acres at \$7.5 million, an 18% loan to value. John David is focused on selling an apartment site and has a contract on 47.8 acres of property. The Bank has agreed to release the property for a \$400,000 principal reduction. The sale of the acreage closed and the loan was reduced by \$400,000 on November 27, 2020. This sale reduced our loan to \$950,000 and leaves us with a mortgage on approximately 187 acres with an estimated adjusted value of \$5,968,084, a 16% loan to value!	12/31/2020
130854371	Jones, Gaglio & Derms PA	6	\$ 195,454.68	Yes	9/30/2019	No	Yes	7/29/2014	\$ 205,000	76%	The borrower provided me with a contract on his home in Bay Point which was scheduled to close November 22. Although we do not have a mortgage on this property, the proceeds were to be earmarked to bring the loan current. This contract fell through. The loan was then turned over to John Mead to foreclose or take a deed in lieu provided we can reserve the right to pursue a deficiency. A deed could not be accepted. The borrower provided a new contract which was to close by 2/14. We continued the foreclosure process in the meantime. Foreclosure was filed. All parties have been served. Due to the Covid pandemic, the Governor ordered all foreclosures to be suspended through September 1. Unless the stay is extended again, foreclosure will resume September 2. The stay on foreclosures expired as on 9/1 and our attorney, John Mead, has resumed the foreclosure. We have been collecting \$1,450/month in rents from the tenants since the foreclosure started. Kim Johns was appointed receiver by the Court in late September. The Bay Point renter moved out early October. This unit is now vacant. Locks at both properties have been rekeyed. The foreclosure sale date is scheduled for January 12. The Bank is also pursuing the insurance company which insured the Grace Ave. property for Jones Gaglio. The insurer failed to notify the bank of insurance cancellation due to non-payment of premium by the insured. This is a violation of the contract. There is damage resulting from Hurricane Michael estimated to be \$26,000 +/- . An in-house evaluation was done on the Bay Point unit, which estimates the value to be \$112,000 "as is". We will get a new outside appraisal on the Grace Ave property once we become the owner of the property.	12/31/2020
132507570	Harvest Worship Center Inc.	5	\$ 609,367.02	No	5/31/2020	No	Yes	5/21/2020	\$ 1,300,000		Last financial spread completed was in May 2020. 1st Qtr 2020 income and expense numbers are also in file. Parsonage Update From 09-23-2020. They have long completed all repairs to the parsonage. They are waiting on an arbitration type process in which their public adjuster and the insurance company appraiser and an independent appraiser come to an agreement on a final settlement. Temporary facility Update From 09-23-2020. They completed their 18 month lease and have already submitted their final 6 months of payments but have yet to be reimbursed the last \$60,000 of lease payments. They were unable to get an extension before the lease ran out so they had to purchase the building to continue to operate the school. They now own the 68 x 168 modular building which is the preschool and church offices. They have several receipts and volunteer hours which are being calculated and turned in on this project. They are expecting 100K-150K to be reimbursed plus the 60k lease payments depending on which volunteer hours are approve. Sanctuary Grant Update: From 10-22-2020 - Harvest Worship Center received their new number from FEMA in relation to the total grant size. They are finalizing the contract for demo which will start shortly. They are also actively receiving architect bids. They did get some good news that they are qualified for a mitigation grant which will give them an additional 32% of whatever the final FEMA number is to bring the new building up to a 165mph wind rating. Also, the new consultant for Hagerthy Consulting says the powers that be are lobbying hard to change the cost share from Hurricane Michael to 90/10 instead of the current 75/25. This will also increase the grant size by 15%.	12/31/2020
132507572	Harvest Worship Center Inc.	5	\$ 513,353.76	No	6/1/2020	No	Yes	5/22/2020	\$ 615,000			12/31/2020
132507573	Harvest Worship Center Inc.	5	\$ 420,000.00	No	6/2/2020	No	Yes	5/23/2020	\$ 1,300,000			12/31/2020
SBA 504 and 7a Loans:												
TOTAL CRIT/CLASS, Loans:			\$ 2,688,175.46									
OREO:			\$ -									
TOTAL CRIT/CLASS, ASSETS:			\$ 2,688,175.46									



HISTORICAL TRENDS:				
	11/30/2017	11/30/2018	11/30/2019	11/30/2020
Com, Cons Lns Outstanding	\$59,856,696	\$72,487,080	\$68,387,139	\$69,359,964
SBA Loans Outstanding	\$1,894,300	\$1,338,301	\$1,129,764	\$485,425
Total Loans Outstanding	<u>\$61,850,996</u>	<u>\$73,825,381</u>	<u>\$69,516,903</u>	<u>\$69,845,389</u>
Risk Rated Loans:				
OEAM (Grade 5 Loans)	\$2,430,000	\$2,495,490	\$193,527	\$1,542,711
Substandard - Accruing (Grade 6)	\$0	\$0	\$1,350,000	\$950,000
Substandard - Non Accruing	\$0	\$0	\$197,443	\$195,465
Doubtful (Grade 7)	\$0	\$0	\$0	\$0
Total Criticized/Classified	<u>\$2,430,000</u>	<u>\$2,495,490</u>	<u>\$1,740,970</u>	<u>\$2,688,176</u>
OREO	\$0	\$0	\$0	\$0
Past Due Loans:				
31-59 Days	\$ -	\$ 256,392	\$ -	\$ -
60-89 Days	\$ -	\$ -	\$ 425,921	\$ 400,876
90+ Days	\$ -	\$ -	\$ 197,443	\$ 195,465
Total Loans Past Due	<u>\$ -</u>	<u>\$ 256,392</u>	<u>\$ 623,363</u>	<u>\$ 596,341</u>
Exception Tracking:				
Policy	44	72	63	38
Documentation	0	0	0	0
Ins/TR/FIS	94	89	43	28
Total Exceptions	<u>138</u>	<u>161</u>	<u>106</u>	<u>66</u>

LEGAL ACTION PLANNING ON CLASSIFIED LOANS:

Name	Date to Attorney	Named Attorney	Action to be taken		Balance	Notes

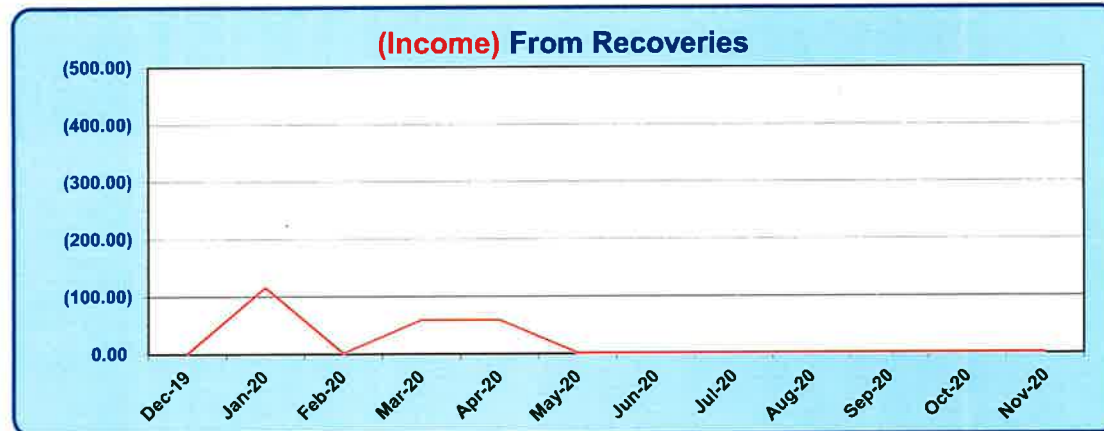
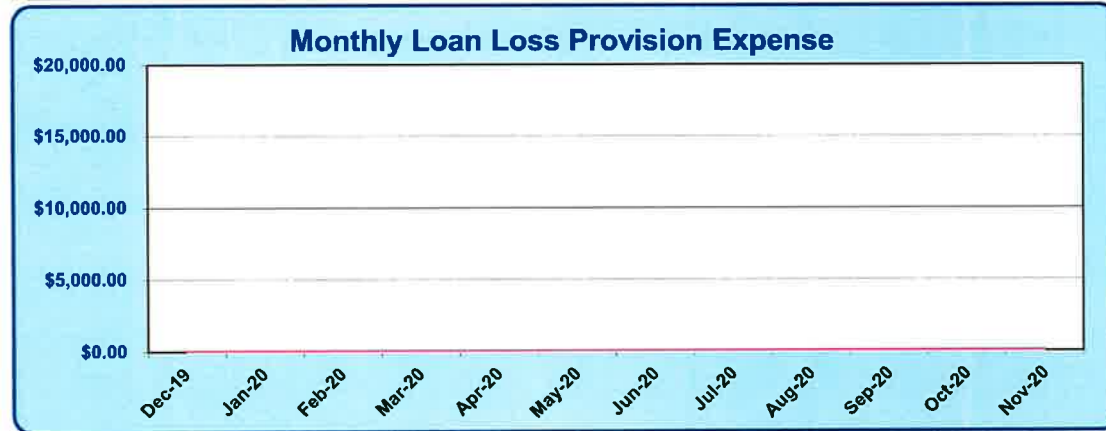
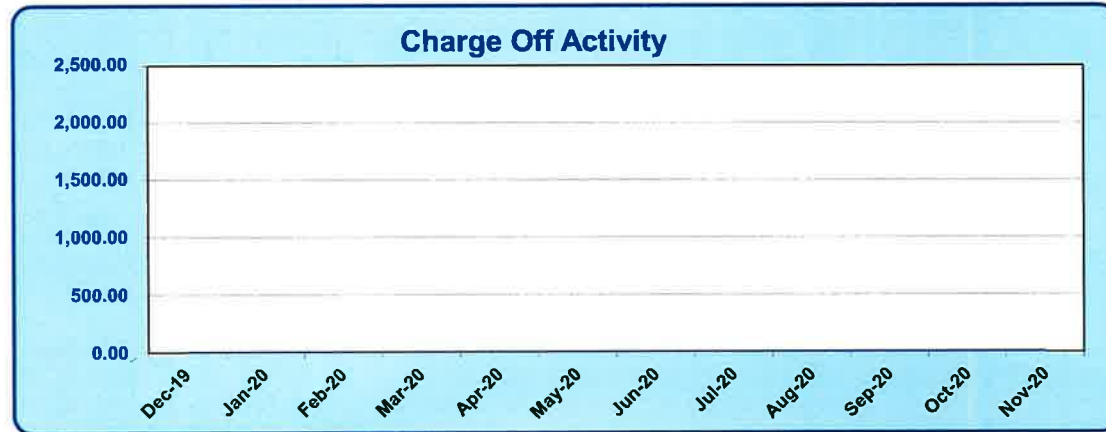
JUDGMENTS secured in favor of First National Bank Northwest Florida							
Defendants:	County	Amount	Date	Expires	\$ Charged Down	\$ Recovered	Status
Jeremy Millirons Construction, Inc.	Bay	\$ 248,810.46	4/17/2012	4/16/2022	\$ 80,861.37	\$ 78,129.72	active
DWH Holding, LLC	Bay	\$ 111,324.38	7/3/2012	7/2/2022	\$ 81,091.02	\$ 49,890.24	OREO lot sold in July 2017
Rayos del Sol, LLC	Bay	\$ 130,163.32	7/3/2012	7/2/2022	\$ 42,976.21		active
Dave Hill Company	Bay	\$ 242,489.19	7/3/2012	7/3/2022	\$ 93,248.17		active
Leung/Harrison	Bay	\$ 90,283.36	12/5/2012	12/4/2022	\$ 56,263.33		active
Leung/Harrison	Bay	\$ 52,432.26	12/5/2012	12/4/2022	\$ 42,066.29		active
Shri Jala Bapa, Inc.	Okaloosa	\$ 589,252.24	6/11/2013	6/10/2023	\$ 235,497.53		active

Note: Judgments are active for ten years from the date of recording. They can be renewed one time for an additional 10 year period.

● = Property is in foreclosure.

CHARGE-OFFS / CHARGE-DOWNS BY MONTH & (RECOVERIES):

NAME	OFF	OCT 2019	NOV 2019	DEC 2019	JAN 2020	FEB 2020	MAR 2020	APR 2020	MAY 2020	JUN 2020	JUL 2020	AUG 2020	SEP 2020	OCT 2020	NOV 2020	DEC 2020
SHIV Hotels	KMJ	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sunset Bay Prnt (SBA)		(57.02)	(57.17)		(114.83)		(57.66)	(57.66)								
Teresa Haney (checking Acct)																
Michael Dooling (checking Acct)																
INCOME FROM RECOVERIES:		(57.02)	(57.17)	0.00	(114.83)	0.00	(57.66)	(57.66)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Recapture of ALLL																
Transfer to Ck Fraud Acct.																
Misc Checking Acct Losses																
CHARGE-OFF ACTIVITY:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET:		(57.02)	(57.17)	0.00	(114.83)	0.00	(57.66)	(57.66)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
				(114.19)			(172.49)			(57.66)			0.00			0.00



LOANS TAKEN INTO OREO:

	Original Loan Amount	Initial Charge Off	Original OREO Balance	Write Downs	Current OREO Balance		Appraised Value	Date of Appraisal	Listing Price

PORTFOLIO CONCENTRATION RISK ASSESSMENT:

	Portfolio Code	11/30/2020		10/31/2020		Percent of Capital Board Limit	Below Limit? Yes/No
		Portfolio Balance	Percent of Capital	Portfolio Balance	Percent of Capital		
			\$ 21,124,683.33		\$ 20,845,848.91		
AUTO/TRUCK	110	\$ -	0.00%	\$ -	0.00%	10.00%	YES
RECREATIONAL VEHICLES	111	\$ 21,471.47	0.10%	\$ 21,934.50	0.10%	2.00%	YES
TRUCKS - COMMERCIAL	112	\$ -	0.00%	\$ -	0.00%	10.00%	YES
EQUIPMENT	120	\$ -	0.00%	\$ -	0.00%	10.00%	YES
BOATS, 4 WHEELERS, JET SKIS TRAILERS-CONSUMER	130	\$ -	0.00%	\$ -	0.00%	5.00%	YES
STOCKS/BONDS/INSURANCE	140	\$ 140,000.00	0.66%	\$ -	0.00%	10.00%	YES
LIQUOR LICENSE	145	\$ -	0.00%	\$ -	0.00%	10.00%	YES
UNSECURED	150	\$ 314,696.61	1.49%	\$ 365,315.48	1.74%	10.00%	YES
SAVINGS/CERTIFICATES OF DEPOSIT	160	\$ 102,841.98	0.49%	\$ 103,651.03	0.49%	100.00%	YES
OTHER	180	\$ 83,151.00	0.39%	\$ 84,151.00	0.40%	10.00%	YES
STATE/POLITICAL OBLIGATIONS	190	\$ -	0.00%	\$ -	0.00%	6.00%	YES
ACCTS RECEIVABLE/INVENTORY	300	\$ -	0.00%	\$ -	0.00%	10.00%	YES
VESSELS-PREFERRED SHIP'S MTG	310	\$ 123,338.47	0.58%	\$ 124,685.61	0.59%	5.00%	YES
ASSIGNMENT OF LIFE INSURANCE POLICY	405	\$ -	0.00%	\$ -	0.00%	10.00%	YES
ASSIGNMENT OF NOTE & MORTGAGE - COMMERCIAL R/E MTG	420	\$ -	0.00%	\$ -	0.00%	5.00%	YES
ASSIGNMENT OF NOTE/MORTGAGE - RESIDENTIAL R/E MTG	425	\$ -	0.00%	\$ -	0.00%	5.00%	YES
RESIDENTIAL LOT	500	\$ 244,642.00	1.16%	\$ 245,387.09	1.17%	25.00%	YES
UNDEVELOPED PROPERTY 1ST LIEN	510	\$ 1,086,755.39	5.14%	\$ 1,490,886.92	7.09%	25.00%	YES
RESIDENTIAL SUBDIVISION 1ST LIEN	515	\$ 1,168,517.41	5.53%	\$ 1,168,517.41	5.56%	25.00%	YES
CONSTRUCT RESIDENTIAL-EXISTING SUBDIVISION	520	\$ 251,740.19	1.19%	\$ 163,890.19	0.78%	15.00%	YES
SPEC RESIDENTIAL CONSTRUCTION (ESTABLISHED SUBDIVISION)	525	\$ 454,581.05	2.15%	\$ 454,581.05	2.16%	15.00%	YES
PRIMARY RESIDENCE 1ST LIEN OWNER OCCUPIED	530	\$ 5,454,899.17	25.82%	\$ 5,489,759.53	26.11%	85.00%	YES
PRIMARY RESIDENCE JR LIEN OWNER OCCUPIED	535	\$ 67,827.44	0.32%	\$ 66,601.97	0.32%	40.00%	YES
SECONDARY RESIDENCE 1ST LIEN	540	\$ 172,438.44	0.82%	\$ 394,773.12	1.88%	60.00%	YES
1-4 FAMILY NON-OWNER OCCUPIED INVESTMENT/RENTAL	550	\$ 7,508,221.12	35.53%	\$ 7,726,002.56	36.74%	75.00%	YES
1-4 FAMILY NON-OWNER OCCUPIED RENTAL JR LIEN	555	\$ -	0.00%	\$ -	0.00%	10.00%	YES
NON-OWNER OCCUPIED MOBILE HOMES W/LAND	561	\$ 11,359.44	0.05%	\$ 12,084.03	0.06%	1.00%	YES
CONDOMINIUM 1-4 FAMILY RES	565	\$ 2,631,878.10	12.46%	\$ 2,641,450.70	12.56%	20.00%	YES
TRAILER PARKS 1ST LIEN	575	\$ -	0.00%	\$ -	0.00%	26.00%	YES
FARMLAND/AGRICULTURAL LAND 1ST LIEN	600	\$ -	0.00%	\$ -	0.00%	15.00%	YES
APARTMENTS MULTI-FAMILY HOUSING 1ST LIEN	605	\$ 111,155.96	0.53%	\$ 112,206.58	0.53%	25.00%	YES
COMMERCIAL LOT NOT IN SUBDIVISION	610	\$ 542,433.85	2.57%	\$ 540,313.98	2.57%	15.00%	YES
CHURCH BUILDING & FACILITIES 1ST LIEN	616	\$ 1,671,440.66	7.91%	\$ 1,693,603.24	8.05%	75.00%	YES
RESTAURANT AND PROPERTY 1ST MTG	621	\$ 5,374,162.50	25.44%	\$ 5,390,913.86	25.64%	40.00%	YES
RESTAURANT AND PROPERTY JR MTG	622	\$ -	0.00%	\$ -	0.00%	8.00%	YES
CONVENIENCE STORES/GAS STATIONS 1ST LIEN	625	\$ -	0.00%	\$ -	0.00%	5.00%	YES
INDUSTRIAL FACILITY OWNER OCCUPIED	629	\$ 267,117.54	1.36%	\$ 290,496.37	1.38%	20.00%	YES
INDUSTRIAL FACILITY NON OWNER OCCUPIED	630	\$ -	0.00%	\$ -	0.00%	4.00%	YES
MEDICAL FACILITIES (HOSPITALS, CLINICS, ETC.)	631	\$ 479,142.06	2.27%	\$ 490,745.61	2.33%	20.00%	YES
MINI-WAREHOUSES & SELF STORAGE UNITS 1ST LIEN	635	\$ -	0.00%	\$ -	0.00%	10.00%	YES
HOTEL/HOTEL PROPERTIES (NATIONAL CHAIN) 1ST LIEN	640	\$ 9,498,156.64	44.96%	\$ 9,560,621.91	45.47%	75.00%	YES
HOTEL/HOTEL PROPERTIES (NO NATIONAL CHAIN) 1ST LIEN	642	\$ 3,492,025.59	25.26%	\$ 3,498,267.98	25.41%	25.00%	NO
HOTEL/HOTEL PROPERTIES (NO NATIONAL CHAIN) JR LIEN	643	\$ 1,843,870.00	See Above Limit	\$ 1,843,870.00	See Above Limit	See Above Limit	
PROFESSIONAL OFFICE SPACE OWNER OCCUPIED 1ST LIEN	645	\$ 1,154,554.73	5.47%	\$ 1,176,286.06	5.59%	25.00%	YES
PROFESSIONAL OFFICE SPACE OWNER OCCUPIED JR LIEN	646	\$ 99,604.15	0.47%	\$ 99,604.15	0.47%	10.00%	YES
PROFESSIONAL OFFICE SPACE NON-OWNER OCCUPIED 1ST LIEN	647	\$ 20,000.00	0.09%	\$ 20,000.00	0.10%	10.00%	YES
RETAIL CENTER OWNER OCCUPIED 1ST LIEN	650	\$ 65,798.64	0.31%	\$ 71,809.40	0.34%	25.00%	YES
RETAIL STAND ALONE BUILDING OWNER OCCUPIED 1ST LIEN	652	\$ 1,046,146.39	4.95%	\$ 1,248,339.73	5.94%	25.00%	YES
RETAIL STAND ALONE BUILDING NON-OWNER OCCUPIED 1ST LIEN	654	\$ 222,583.42	1.05%	\$ 223,880.04	1.06%	10.00%	YES
RETAIL CENTER NON-OWNER OCCUPIED 1ST LIEN	656	\$ -	0.00%	\$ -	0.00%	10.00%	YES
WAREHOUSE SPACE OWNER OCCUPIED 1ST LIEN	660	\$ 996,270.13	4.72%	\$ 1,003,245.79	4.77%	10.00%	YES
WAREHOUSE SPACE NON OWNER OCCUPIED 1ST LIEN	662	\$ 34,408.75	0.16%	\$ 34,928.61	0.17%	5.00%	YES
SPECIAL PURPOSE FACILITY/SINGLE USE 1ST LIEN	665	\$ 1,351,026.00	6.40%	\$ 1,471,584.89	7.00%	50.00%	YES
SPECIAL PURPOSE FACILITY/SINGLE USE JR LIEN	666	\$ 155,843.56	0.74%	\$ 155,843.56	0.74%	25.00%	YES
PURCHASED GUARANTEED LOANS	667 & 668	\$ 22,589,977.66	106.94%	\$ 23,113,650.93	109.93%	N/A	

(1) Net of government guarantees

HOTEL/MOTEL LOANS & RISK ASSESSMENT - SBA 7a, 504, and Conventional Loans

SBA 7a LOANS	FNB LOAN BALANCE	GTY. %	FULL LOAN AMOUNT	CURRENT	DEFERMENT	NO. of	APPRAISED	LOAN	NON-
				PAYMENT DEFERMENT	END DATE	DEF.	VALUE	GRADE	ACCURAL
Jai Ganesh Hotels, Inc.-Econo Lodge/Tallahassee-5739	\$ 189,159.13	75%	\$ 756,636.53	NO	6/28/11	2	\$ 825,000	4	
TOTAL	\$ 189,159.13		\$ 756,636.53						
SBA 7a Loans at Risk:	\$ -		\$ -						
SBA 504 LOANS									
Pratik & Priyam, LLC-Travelodge/St. Augustine-132311270	\$ 678,331.67		\$ 678,331.67	NO	1/1/11	1	\$ 1,310,000	4	
TOTAL	\$ 678,331.67		\$ 678,331.67						
SBA 504 Loans at Risk:	\$ -		\$ -						
TOTAL SBA 504 & 7A LOANS	\$ 867,490.80		\$ 1,434,968.20						
TOTAL SBA Loans at Risk:	\$ -		\$ -						
DIRECT LOANS									
			PARTICIPATED						
Beaches Motel/Daniel Ouaknine-Panama City - 132539870	\$ 476,553.37		\$ -	NO			\$ 1,045,000	3	
Gibson Inn, LLC - 132661070	\$ 2,527,296.06		\$ -	NO			\$ 5,700,000	3	
Gibson Inn, LLC - 132661071 (LOC)	\$ 1,843,874.00		\$ -	NO			\$ 5,700,000	3	
Manibhadra, Inc. - Comfort Inn/Marianna-132296570	\$ 1,137,760.78	18.22%	\$ 207,322.77	NO			\$ 5,130,000	3	
Nalhami Inc - 132580270	\$ 336,337.07		\$ -	NO			\$ 650,000	3	
Patel, Shailesh & Rita - Cook's Motel/Panama City Beach, FI - 99570	\$ 101,453.12		\$ -	NO			\$ 1,100,000	3	
Shri Laxmi, Inc - 132662870	\$ 1,077,337.58		\$ -	NO			\$ 4,300,000	3	
Shiv Shakti Investments - 132601670	\$ 2,150,309.04		\$ -	NO			\$ 3,500,000	3	
Shivam & Saajan Corp-Motel/PCB - 132563870	\$ 50,385.97		\$ -	NO			\$ 1,100,000	3	
Tej-Sai LLC - 132663670	\$ 4,358,749.79		\$ -	NO			\$ 10,900,000	3	
TOTAL	\$ 14,060,056.78		\$ 207,322.77						
TOTAL Direct Loans at Risk:	\$ -		\$ -						
PURCHASED LOANS									
Maa Ashirvad Hospitality - 132584470	\$ 452,342.27	100%	\$ 452,342.27	NO			\$ 7,400,000	1	
The Inn at Del Monte - 132433470	\$ 425,937.14	100%	\$ 425,937.14	NO			\$ 950,000	1	
TOTAL	\$ 878,279.41		\$ 878,279.41						
GRAND TOTAL HOTEL/MOTEL Loans (net of participations):	\$ 14,720,224.81								
Hotel/Motel Loans At Risk:	\$ 0.00								
Total Loans Outstanding Net:			\$69,845,389.43						
Hotel-Motel Loans/Total Loans Outstanding:			21.08%						

CHURCH LOANS & RISK ASSESSMENT

		<u>FNB ORIGINAL</u>	<u>CURRENT</u>	<u>AT</u>	<u>CURRENT</u>	<u>NAME OF</u>	<u>CHANGE IN</u>	<u>APPRAISED</u>	<u>LOAN</u>	<u>NON-</u>
		<u>BALANCE</u>	<u>BALANCE</u>	<u>RISK</u>	<u>DEFERMENT</u>	<u>SR PASTOR</u>	<u>SENIOR</u>	<u>VALUE</u>	<u>GRADE</u>	<u>ACCRUAL</u>
							<u>PASTOR</u>			
132515871	All God's Children Church	\$ 228,000.00	\$ 182,554.14		NO	Walter Williams	NO	\$ 358,000	3	NO
132389872	Berrydale Baptist Church	\$ 427,558.56	\$ 44,442.65		NO	Robert Gandy	NO	\$ 1,426,000	3	NO
132392270	Bibleway Baptist Church	\$ 128,262.51	\$ 68,983.45		NO	William B. Wright	NO	\$ 273,000	3	NO
132507570	Harvest Worship Center	\$ 745,000.00	\$ 609,357.02		NO	John Ramsey	NO	\$ 2,765,000	5	NO
132507572	Harvest Worship Center	\$ 550,000.00	\$ 513,353.76		NO	John Ramsey	NO	\$ 2,765,000	5	NO
132507573	Harvest Worship Center	\$ 420,000.00	\$ 259,996.17		NO	John Ramsey	NO	\$ 2,765,000	5	NO
132507575	Harvest Worship Center (PPP)	\$ 91,506.42	\$ 91,506.42		NO	John Ramsey	NO	\$ 2,765,000	3	NO
132596870	St Andrew Worship Center	\$ 49,706.25	\$ 40,103.75		NO	Thomas Cunningham	NO	\$ 275,000	3	NO
132412870	West Florida Baptist	\$ 750,000.00	\$ 368,246.51		NO	Mike Brown, Baucum	NO	\$ 3,267,950	3	NO
	TOTAL	\$ 3,390,033.74	\$ 2,178,543.87					\$ 16,659,950.00		

GRAND TOTAL CHURCH LOANS:

\$ 3,390,033.74

\$ 2,178,543.87

\$ 16,659,950.00

Total Church Loans at Risk: \$0.00
Church Loans At Risk/Church Loans Outstanding: 0.00%

Total Loans Outstanding Net: \$69,845,389.43
Church Loans/Total Loans Outstanding: 3.12%

Comments: No leadership changes were noted.

SBA 504 & 7A LOANS:

ACCT. NO.	NAME	OFF.	SBA LOAN TYPE	GRADE & ACCRUAL STATUS	BANK'S BALANCE LESS GUARANTEE	TOTAL LOAN	COLL CODE	BANK'S PORTION OAEM (5)	BANK'S PORTION CLASSIFIED (6,7)	BANK'S PORTION - NON PERFORMING	NOTES
S-5680	GEORGE J. & MARY JANE BOKOWSKI, d/b/a TROPIC RATAN, 3905 US 1 S, St Aug, FL 32086	KMJ	SBA-7a	3	\$ 25,664.91	\$ 25,664.91	652				75%, Bought no guarantee
S-5707	RIVER CITY FABRICATION, INC., 2911 Burke St., Jacksonville, FL 32254	KMJ	SBA-7a	3	\$ 12,825.56	\$ 12,825.56	629				85%, Bought no guarantee
S-5714	RON JON'S AUTOMOTIVE, 4854 South Orange Ave., Orlando, FL 32806	KMJ	SBA-7a	3	\$ 125,486.00	\$ 125,486.00	652				75%, Bought no guarantee
S-5718	NORTH FLORIDA SPRING & BRAKE, CRANSTON ENTERPRISES, LLC, 195 North Ellis Road, Jacksonville, FL 32254	KMJ	SBA-7a	4	\$ 58,121.61	\$ 232,486.43	652				75%
S-5732	GREAT EXPECTATIONS CHILDCARE CORP., 4180 Gun Club Road, West Palm Beach, FL 33406	KMJ	SBA-7a	3	\$ 74,486.42	\$ 297,945.67	652				75%
S-5739	JAI GANESH HOTELS, INC., 809 Apalachee Parkway, Tallahassee, FL 32301	KMJ	SBA-7a	4	\$ 189,159.13	\$ 756,636.53	640				75%

	# LOANS	BANK'S BALANCE	TOTAL LOAN	OAEM (5)	SS (6)	NON-ACCR
Total SBA 504 Loans Outstanding:	4	\$ 485,743.63	\$ 1,451,045.10	\$ -	\$ -	\$ -
Total SBA 7a Loans Outstanding LESS 7a Guarantees:	17	\$ 485,743.63	\$ 1,451,045.10	\$ -	\$ -	\$ -
Total SBA Loans with Guarantees:	21	\$ 971,487.26	\$ 2,902,090.20	\$ -	\$ -	\$ -

SUMMARY:

SBA LOANS TO TOTAL LOANS:		1.39%
SBA Loans risk rated OAEM Grade 5:	\$ -	
% of Total SBA Portfolio:		0.00%
SBA Loans Classified Substandard - Performing:	\$ -	
% of Total SBA Portfolio:		0.00%
SBA Loans Classified & Rated Non-Performing:	\$ -	
% of Total SBA Portfolio:		0.00%
Total SBA Criticized/Classified Loans:	\$ -	
% of Total SBA Portfolio:		0.00%

LOANS APPROVED UNDER SUPPLEMENTAL LENDING LIMITS:

Bank's (Relationship) Legal Lending Limit: **\$3,168,702.50**
 Supplemental (Relationship) Lending Limit: **\$2,112,468.33**
 Total (Relationship) Lending Limit: **\$5,281,170.83**

Aggregate Supplemental Lending Limit Avail: **\$ 21,124,683.33**

Account Number	Name	CR Line	Purp Code	Coll Code	Loan Commitment	Current Balance	Loan Maturity	15% of Capital			Notes:
								Remaining Lending Limit Coverage/ Relationship	Remaining Supp Limit Coverage/ Relationship	100% of Capital Aggregate Supp Limit Used	
132698245	Studentscape LLC (PPP)***	4A	10	668	\$ 23,846.15	\$ 23,846.15	4/17/2022	\$3,168,702.50			***SBA guaranty, not in calculation
132698545	Harpoon Harry's PC Properties (PPP)***	4A	10	668	\$ 183,001.67	\$ 183,001.67	4/17/2022	\$3,168,702.50			***SBA guaranty, not in calculation
132703045	Fun Pass Entertainment (PPP)***	4A	10	668	\$ 6,850.95	\$ 6,850.95	4/8/2022	\$3,168,702.50			***SBA guaranty, not in calculation
132692570	Shannon Passavad	1C2A	10	540	\$ 500,000.00	\$ 100,000.00	1/10/2021	\$2,668,702.50			
132531571	Harpoon Harry's PC Properties	1E1	10	621	\$ 250,000.00	\$ -	2/28/2021	\$2,418,702.50			
132531572	Harpoon Harry's PC Properties	1E1	10	621	\$ 2,207,774.71	\$ 2,207,774.71	11/15/2042	\$210,927.79			
132689170	Fun Pass Entertainment	1E2	10	621	\$ 1,400,000.00	\$ 1,378,548.39	5/4/2040		\$923,396.12	\$1,189,072.21	Used by this Relationship
Shannon Posavad Total Relationship:					\$ 4,357,774.71	\$ 3,686,323.10			\$ 923,396.12	\$ 19,935,611.12	Remaining Supplemental Limit
132745145	Andrews Cooling & Heating (PPP)***	4A	10	668	\$ 51,901.00	\$ 51,901.00	4/17/2022	\$3,168,702.50			***SBA guaranty, not in calculation
132586970	Rickey Townhomes, LLC	1C2A	10	550	\$ 1,728,333.46	\$ 1,728,333.46	11/23/2037	\$1,440,369.04			
132549770	Gwenhaven Townhomes, LLC	1C2A	10	550	\$ 1,594,902.28	\$ 1,594,902.28	5/28/2036		\$1,957,935.09	\$ 154,533.24	
708115172	Andrews Cooling & Heating (LOC)	1E1	10	645	\$ 200,000.00	\$ 2,000.00	5/20/2020		\$ 1,757,935.09	\$ 354,533.24	
132536471	Jerald E. Andrews	1C2A	10	550	\$ 209,512.72	\$ 209,512.72	8/31/2036		\$ 1,548,422.37	\$ 564,045.96	Used by this Relationship
Jerald Andrews Total Relationship:					\$ 3,784,649.46	\$ 3,586,649.46			\$ 1,548,422.37	\$ 19,371,565.16	Remaining Supplemental Limit
132712145	Tej Sai, LLC (PPP)***	4A	10	668	\$ 100,000.00	\$ 100,000.00	4/17/2022	\$3,168,702.50			***SBA guaranty, not in calculation
132663670	Tej Sai, LLC	1E2	10	640	\$ 4,358,749.79	\$ 4,358,749.79	12/24/2030		\$ 922,421.04	\$ 1,190,047.29	Used by this Relationship
Tej Sai, LLC Total Relationship:					\$ 4,358,749.79	\$ 4,358,749.79			\$ 922,421.04	\$ 18,181,517.87	Remaining Supplemental Limit
132661071	Gibson Inn, LLC	1A2	10	643	\$ 1,843,874.00	\$ 479,517.54	8/10/2038	\$ 1,324,828.50			
132661070	Gibson Inn, LLC	1E2	10	642	\$ 2,527,296.06	\$ 2,527,296.06	5/10/2020		\$ 910,000.77	\$ 1,202,467.56	Used by this Relationship
Steven Barton Etchen Total Relationship:					\$ 4,371,170.06	\$ 3,006,813.60			\$ 910,000.77	\$ 16,979,050.31	Remaining Supplemental Limit
Total of All Relationships:					\$ 16,872,344.02						
Capital:						\$ 21,124,683.33					
Less Used Supplemental Limit:						\$ 4,145,633.02					
Remaining Supplemental Limit:						\$ 16,979,050.31					

NOTE: Only loan classified on Call Report lines C2A, 1C1, 1C2a and 1E0 thru 1E4 are eligible for the Supplemental Lending Limit Program. Note that 1C1 is only eligible if secured by residential and is a 1st lien of no more than 80 percent.

LOANS APPROVED AS EXCEPTIONS TO THE COMBINATION RULE:

Account Number	Business Entity	Original Loan Commitment	Current Bank Balance	Participation Balance	Loan Maturity	Common Guarantor	Percent Ownership	Guaranty Percentage	Bank Balance As a Percent of Capital
132662870	Shri Laxmi, Inc	\$ 1,652,081.04	\$ 1,077,337.58	\$ -	4/15/1933	Bob Patel	23.0%	100.0%	
132663670	Tej Sai, LLC	\$ 4,819,998.36	\$ 4,358,749.79	\$ -	12/24/2030	Bob Patel Manisha Patel	23.0% 15.0%	87.5% 87.5%	
132612370	Shri Asaram, Inc	\$ 200,000.00	\$ 95,667.78	\$ -	11/13/2022	Bob Patel Manisha Patel	40.0% 40.0%	100.0% 100.0%	
Total:		<u>\$ 6,672,079.40</u>	<u>\$ 5,531,755.15</u>	<u>\$ -</u>					<u>26.2%</u>

Combination Rule: Normally borrowers that share a "common enterprise" would require a bank to combine loan balances for the purpose of determining lending limit compliance. The relationships presented above were deemed to be excludable from this rule because "substantial financial interdependence" was not observed during underwriting nor were any other shared resources such as collateral, bookkeeping services, comingled funds, etc. In other words, management is satisfied each borrower has resources or revenue (on its own) sufficient to service its debt obligations.

POLICY EXCEPTIONS by OFFICER:

Debt Service Coverage Ratio Less than Policy of 1.25x:

Officer:	Acct. #	Name:	Current Bal.	Type of Loan:	Ln. Grade:	GLOBAL DSCR:
GMP	132478970	Rouillac Investments	\$ 52,073.82	CRE	3	1.12
TBW	132508357	Hughes Resort, Inc. (Let of C)	\$ 19,370.00	CRE	3	1.08
TBW	132508370	Hughes Resort, Inc.	\$ 108,292.13	CRE	3	1.08
TBW	132532370	Emerald Cabinets	\$ 174,356.16	CRE	3	1.14
KMJ	132625570	George D. Edlund	\$ 155,759.04	CRE	3	1.14
			<u>\$ 509,851.15</u>			
			<u>\$ 509,851.15</u>			
Grand Total:			<u>\$ 5,218,735.07</u>			

TOTAL REPORTABLE LOANS wit	Total Net Loans Outstanding:	\$ 69,845,389.43	
	Total Capital:	\$ 21,124,683.33	
	Exceptions as a % of Total Loans:		7.47%
	Exceptions as a % of Capital:		24.70%

☒ = Exception will be removed next month.

POLICY EXCEPTIONS by OFFICER:

Loan To Value (LTV) Exceeds Policy:

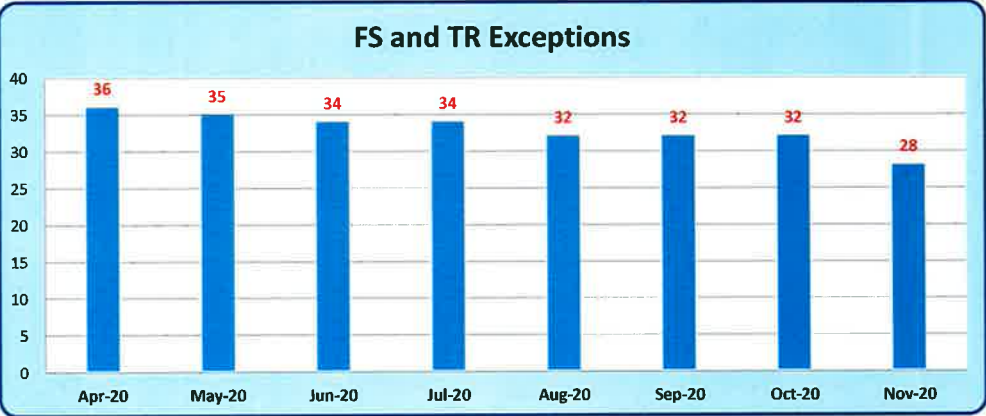
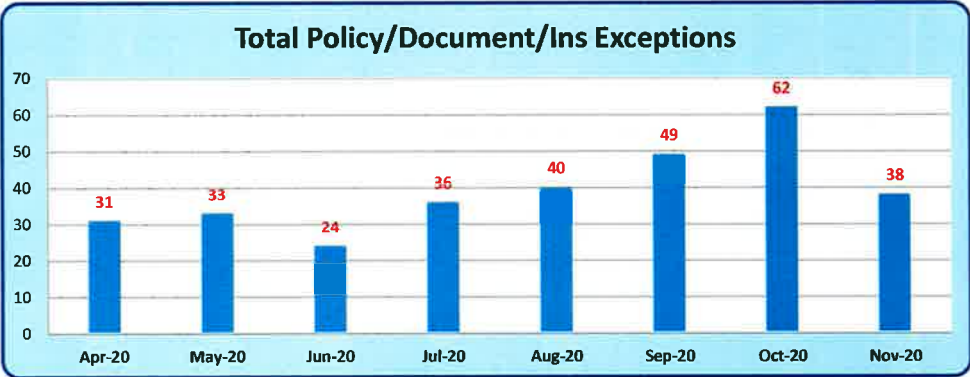
<u>Officer:</u>	<u>Acct. #</u>	<u>Name:</u>	<u>Current Bal.</u>	<u>Type of Loan:</u>	<u>Ln. Grade:</u>	<u>Current LTV:</u>
KMJ	132469830	Hector Martinez	\$ 186,444.92	Res. RE.	3	98.6%
TBW	132545570	Marlyn Properties, LLC	\$ 95,967.43	CRE	3	91.4%
			<u>\$ 282,412.35</u>			

Term of unsecured Note Exceeds Policy:

<u>Officer:</u>	<u>Acct. #</u>	<u>Name:</u>	<u>Current Bal.</u>	<u>Type of Loan:</u>	<u>Ln. Grade:</u>	<u>Term:</u>
KMJ	132578672	Weatherford, William	\$ 132,383.47	UNSEC/INST	3	Loan Term
			<u>\$ 132,383.47</u>			

All Other Loan Exceptions:

<u>Officer:</u>	<u>Acct. #</u>	<u>Name:</u>	<u>Current Bal.</u>	<u>Type of Loan:</u>	<u>Ln. Grade:</u>	<u>Term/Reason:</u>
AMB	132622270	Feddon Holdings LLC	\$ 882,488.67	CRE	4	Appraiser
AMB	132632170	Miles Richard	\$ 1,168,517.41	CRE	3	Appraiser
AMB	132632155	Miles Richard	\$ 148,227.36	CRE	3	Appraiser
AMB	132639693	Watree Construction	\$ 220,000.00	CRE	3	Survey
AMB	132639693	Watree Construction	Duplicate	CRE	3	Ins Worksheet
AMB	132639693	Watree Construction	Duplicate	CRE	3	Build Risk
AMB	132639694	Watree Construction	\$ 220,000.00	CRE	3	Ins Worksheet
AMB	132639694	Watree Construction	Duplicate	CRE	3	Survey
AMB	132639694	Watree Construction	Duplicate	CRE	3	Build Risk
AMB	132639695	Watree Construction	\$ 220,000.00	CRE	3	Build Risk
AMB	132639695	Watree Construction	Duplicate	CRE	3	Survey
AMB	132639696	Watree Construction	\$ 220,000.00	CRE	3	Survey
AMB	132639696	Watree Construction	Duplicate	CRE	3	Build Risk
AMB	132639696	Watree Construction	Duplicate	CRE	3	Ins Worksheet
AMB	132639697	Watree Construction	\$ 220,000.00	CRE	3	Survey
AMB	132639697	Watree Construction	Duplicate	CRE	3	Build Risk
AMB	132639697	Watree Construction	Duplicate	CRE	3	Ins Worksheet
AMB	132474871	KBD Inc	\$ 466,164.37	CRE	3	Hazard Ins
AMB	132474871	KBD Inc	Duplicate	CRE	3	Wind Ins
GMP	132297370	Kenneth Banks	\$ 74,373.61	CRE	3	Rec Mort
KMJ	132684272	Lester Accounting	\$ 73,937.36	CRE	3	Flood Ins
KMJ	132684272	Lester Accounting	Duplicate	CRE	3	Build Risk
KMJ	132684272	Lester Accounting	Duplicate	CRE	3	Ins Worksheet
KMJ	132684271	Lester Accounting	\$ 23,632.13	CRE	3	Flood Ins
KMJ	132684271	Lester Accounting	Duplicate	CRE	3	Build Risk
KMJ	132684271	Lester Accounting	Duplicate	CRE	3	Ins Worksheet
KMJ	S5718	North Florida Spring	\$ 58,121.61	CRE	3	Life Ins
TBW	132618030	Thomas Johnson	\$ 163,890.19	CRE	3	Survey
TBW	132532370	Emerald Cabinets	Duplicate	CRE	3	Beneficial Owner
TBW	132650330	Ridge, Elaine	\$ 134,735.39	CRE	3	Appraiser
			<u>\$ 4,294,088.10</u>			
		Less Participations:	\$ -			
			<u>\$ 4,294,088.10</u>			



WAIVED HAZARD AND WINDSTORM INSURANCE RISK ASSESSMENT:

NAME	ACCT.#	OFF.	INS. TYPE	DATE WAIVED	LOAN MATURITY	CURRENT BALANCE	LINE AVAILABLE	TOTAL LOAN	BANK's EXPOSURE	NOTES:
Ball Enterprizes, LLC	132483971	KMJ	Windstorm	1/18/2013	1/18/2031	\$ 110,454.20		\$ 110,454.20	\$ -	land value: \$ 325,000.00
Ball Enterprizes, LLC	132483972	KMJ	Windstorm	1/18/2013	1/18/2031	\$ 5,728.68	\$ 44,271.32	\$ 50,000.00	\$ -	land value: See Above
Brayton, David P	132496170	KMJ	Windstorm	10/29/2013	7/26/2018	\$ -	\$ -	\$ -	\$ -	land value: \$ 206,250.00
Grease Pro, Inc.	132042370	KMJ	Windstorm	7/13/2010	6/25/2016	\$ 35,488.31	\$ -	\$ 35,488.31	\$ -	land value: \$ 226,100.00
Hancock, Phelon	103796932	GMP	Wind/Hazard	2/10/2017	2/15/2022	\$ 11,359.44	\$ -	\$ 11,359.44	\$ -	land value: \$ 90,552.00
LNK Development, Inc.	132464972	AMB	Wind/Hazard	2/20/2014	2/6/2017	\$ 225,000.00	\$ -	\$ 225,000.00	\$ -	hazard/flood \$ 626,000.00
Lawrence Kline, Rev Trust	132557071	AMB	Windstorm	6/29/2020	10/13/2031	\$ 246,055.80	\$ -	\$ 246,055.80	\$ -	land value: \$ 350,000.00
Lawrence Kline, Rev Trust	132759270	AMB	Windstorm	5/5/2020	5/5/2040	\$ 222,583.42	\$ -	\$ 222,583.42	\$ 68,583.42	land value: \$ 154,000.00
Pensacola Shade LLC	132583670	GMP	Windstorm	10/11/2016	10/11/2017	\$ 20,000.00	\$ 30,000.00	\$ 50,000.00	\$ -	land value: \$ 52,500.00
Sparkman, Walter	132236170	AMB	Wind/Hazard	5/29/2019	6/2/2019	\$ 6,545.06	\$ 843,454.94	\$ 850,000.00	\$ -	land value: \$ 2,400,000.00
St Andrew Worship Center	132596870	LCJ	Windstorm	11/30/2016	12/1/2018	\$ 40,103.75	\$ -	\$ 40,103.75	\$ -	land value: \$ 54,384.00
Steven Goodwillier	153486675	KMJ	Condo interior	4/12/2011	3/8/2023	\$ 75,376.23	\$ -	\$ 75,376.23	\$ -	hazard/flood \$ 297,840.00

TOTAL EXPOSURE:

\$ 998,695 \$ 917,726.26 \$ 1,916,421 \$ 68,583

TOTAL LOANS OUTSTANDING: \$ 69,845,389
TOTAL CAPITAL: \$ 21,124,683
% of TOTAL LOANS OUTSTANDING: 0.10%
% of TOTAL CAPITAL: 0.32%

REVIEW OF DEPOSIT ACCOUNT ACTIVITY:

Name	Account Number	11/18/2020	11/19/2020	11/20/2020	11/29/2020	11/30/2020	12/1/2020	12/2/2020	12/3/2020	12/4/2020	12/6/2020	12/7/2020	12/8/2020
		Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance	Avg Collected Balance
1 OPAL INC	3200241201	\$ -		\$ -	\$ -			\$ 414.70					
D & H PROPERTIES LLC	3200110901		\$ 207.35										
GIBSON INN, LLC	3200301401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GLENN SALYER PLUMBIN	154009502		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
HARVEST WORSHIP CENT	3200337801		\$ 235.96										
JONES GAGLIO & DENNI	3200104201		\$ 366.96										
PENSACOLA SHADE, LLC	3200176001		\$ 34.76					\$ 69.52	\$ 104.28	\$ 208.56	243.32	278.08	\$ 312.84
SALTY GOAT SALOON LL	4206258803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	0			

Report Purpose:

The schedule of deposit accounts presented above belong to active loan customers of First National Bank. They were selected for inclusion in this report if their daily average collected balance fell below \$499 at any time during the prior 12 business days. This balance can be affected (including dropping below \$0) by a number of adverse operating patterns such as depositing uncollectible checks, paying through check holds, or deteriorating business income.

The purpose of this report is to assist Loan Officers in the early detection of adverse patterns which may eventually impact a loan customer's ability to service their debt. It should never be used exclusively to adversely classify a loan but should be reviewed in conjunction with other pertinent information to help identify systemic problems which may create additional risk exposure to the bank.

Enterprise Risk Management Meeting

The Core Enterprise Risk Management Committee met on November 12, 2020 in Angie's office.

Present: Angie Barger, President/CEO
Brent Brown, ISO
Barbara McCullough, CFO (via telephone)
Kim Johns, COO/CCO

The committee discussed Tanikka Wigington, bookkeeper, who was exposed to a COVID-19 positive family member over the weekend. Management had sent her home on Monday the 9th for a 14-day quarantine and could return on November 23rd with a negative test result. While quarantining at home, she began feeling symptomatic and tested positive for COVID-19 on November 12th. She will remain home through November 26th and return November 27th, as long as, she has had a negative test result, no fever for 3 days without fever-reducing medication and respiratory symptoms are minimal.

Kim will send out an email to all employees informing them of the positive test on the 2nd floor. To avoid any visitation to the 2nd floor, management will re-implement the tote system in the bank stairwells to mitigate employee contact. Kim also stressed wearing facial masks when not able to social distance.

November 12, 2020

Present

Employee tests positive
for COVID-19

Precautionary measures

Enterprise Risk Management Meeting

The Core Enterprise Risk Management Committee met on November 17, 2020 in the 2nd Floor Board Room.

Present: Angie Barger, President/CEO
Brent Brown, ISO
Barbara McCullough, CFO
Kim Johns, COO/CCO

Barbara researched CDC COVID-19 guidelines for quarantine updates and brought an updated bank COVID-19 Action Plan with revised guidelines for the committee to review and discuss. The committee approved the revised COVID-19 Action Plan and will email to all employees.

The committee discussed the current Florida and Bay County COVID-19 conditions. Management will continue with the current COVID protocol measures and stress employee social distance, wear face masks when not able to social distance or working with customers, and proper hygiene and disinfecting procedures.

Brent discussed disaster recovery. The purchase of a new proof scanner was approved. The new scanner will replace the main office scanner and the old one will be used for business continuity and locked in the vault with the disaster recovery laptop. The disaster recovery scanner could be utilized if either branch needed a replacement, as well as, utilized with the disaster recovery laptop in the MPA mobile hot spot building, if a hurricane produced power/Internet outages.

November 17, 2020

Present

Revised COVID-19
Action Plan

Current COVID-19
Status

Proof Scanner Purchase

Enterprise Risk Management Meeting

The Enterprise Risk Management Committee met on December 9, 2020 in the 2nd Floor Board Room with Denise teleconferenced in from the beach.

Present: Angie Barger, President/CEO
Brent Brown, ISO
Barbara McCullough, CFO
Denise Bunes, Compliance/Audit
Kim Johns, COO/CCO
Steven Dvorak, Credit Administration

Committee met to discuss the Dept. of Health in Bay County adopting newly issued COVID-19 quarantine options for close contacts to COVID-19 cases:

“Close Contact” are those individuals who have been six feet of an infected individual for a cumulative of 15 minutes or more over a 24-hour period, regardless of mask usage.

Quarantine can now be 10 days without testing or 7 days after receiving a negative Molecular (PCR) test result taken on or after day five (CGC states five - Bay County Health states six) from exposure. The close contact must not have any symptoms of COVID-19 to stop quarantine. After stopping quarantine, the individuals should still watch for symptoms until 14 days after exposure.

Bay County’s positivity rate has increased from 8.57% to 10.97% in the past week from 11/27/20 and 729 cases in the past 7 days as of 12/7/20.

The committee took the new ruling under advisement. Concern was expressed the individual coming back after 7 or 10 days could still contract the virus within the remainder of the 14 days and spread it among staff. With the rising Bay County COVID-19 cases and the bank’s small staff, the committee voted to keep the bank’s Action Plan quarantine procedures as is with no changes.

December 9, 2020

Present

New CDC Quarantine Ruling

Close Contact Definition

Quarantine Rules

Current Bay County COVID-19 rates

Committee Decision

Pandemic Periodic Report to the Board of Directors

12/17/20

Submitted By: Denise Bunes, Internal Auditor/Compliance Officer

Meetings

Management is holding as needed Enterprise Risk Management (ERM) Meetings to discuss how the coronavirus is affecting Bay County, the bank, its customers, and employees.

Core ERM meeting held on November 12th to discuss bookkeeping employee testing COVID-19 positive. She will quarantine at home until November 27th.

Core ERM meeting was held on November 17th to discuss adoption of new CDC COVID-19 quarantine guidelines. The committee approved and revised the COVID-19 Action Plan.

ERM Committee meeting was held on December 9th to discuss the newly adopted CDC and Dept. of Health in Bay County less stringent COVID-19 quarantine guidelines. (See ERM minutes dated 12/9/20). The committee voted to keep the bank's quarantine procedures as is due to the rising COVID-19 cases in Bay County and small staff.

Employees

HR Dept. emailed all employees a Blue Cross Fall Flyer encouraging a seasonal flu shot. It is free through the bank's health insurance program.

Main Office:

1st Floor – Nothing to report

2nd Floor –

- Tanikka Wigington, Bookkeeper tested COVID-19 positive on November 12th. She will remain home through at least November 26th and return to work on the 27th as long as she has tested negative, has had no fever for 3 days without fever-reducing medication and respiratory symptoms are minimal. Tanikka returned to work on November 30th.
- Renee Myers, Switchboard Operator, had a family member test positive for COVID-19 on December 1st. Renee will quarantine and work remotely from home through December 11th and may return to work after all family members test negative.

3rd Floor –

- Loan Processor, Anita Howard's husband and live-in stepson were exposed to an individual testing positive with COVID-19. She will have a rapid COVID-19 test and remain home until a negative test result.

Beach Office: Nothing to report

COVID-19 Action Plan

The COVID-19 Action Plan was revised on 10/27/20 to include CDC updated guidelines to quarantine timelines required and symptoms.

External Reviews

The bank's OCC Examination was conducted remotely and began July 27th. OCC concluded their Safety & Soundness Examination with Exit Conference Calls on August 13th and the BSA and Information Technology/Vendor Management Exit Conference Call on August 21st. Management received the draft Report of Examination on October 15th. The Examiner in Charge was very complimentary of management's COVID-19 Action Plan and oversight of the plan.

The Saltmarsh EOY Financial Interim Fieldwork was completed in November. The entire review will be conducted remotely in February.

Sanitizing Procedures

Sanitizing procedures continue throughout the day. The bank's cleaning company increased the strength of their cleaning products to kill the virus. Tissues, Lysol spray, and hand sanitizer gel dispensers were purchased and placed throughout the bank.

Employee temperatures

Employee temperatures are taken daily and logged.

Social Distancing

Lobbies re-opened on June 3rd. Social distancing reminders were posted on the front doors, lobby table and teller windows. Employees continue to social distance or wear a face mask if working with another employee or customer and unable to social distance.

The bank's "stairwell tote system" to send documents, etc. between floors was reinstated for preventive measures.

Face Masks

The PCB Council voted to suspend the required face mask ordinance effective September 8th.

September 9th: The bank's Core ERM Committee voted to discontinue the employee mandatory mask wearing unless unable to social distance and when working with a customer.

Kim Johns emailed everyone of the importance to wear a face mask during their workday when working with others and when not able to social distance.

Travel

The "No Travel" restrictions continue throughout the bank.

Information and Alerts

Officers receive coronavirus updates from Bay Health, State Emergency Response Team (SERT) and the CDC for virus updates. Officers also receive daily COVID-19 alerts through ABA and ICBA.

"Paycheck Protection Program (PPP)"

The bank began accepting PPP loan applications on April 3rd with existing customers. Lending received 62 applications approved by SBA totaling \$6,636,581.16 through the first round of PPP.

Congress authorized a 2nd round of PPP loan funds in the amount of \$484B which includes \$310,000 for PPP loans and \$60B for community banks and smaller lenders. Lending Department began loading PPP loans on April 27th. 35 loan applications totaling \$6,108,032.79 were approved. Grand totals: Total loan amounts of \$12,744,613.95 with a total Fee Income of \$446,437.27.

Management decided not to continue in the next round of PPP loans with the new flexibility rules Congress approved which would extend the maturity period to 5 years and reduce the amount businesses are required to devote to payroll from 75% to 60%.

Management is in the process of PPP Loan Forgiveness.

Extraordinary Measures to Assist Customers

- No early withdrawal penalties for IRAs
- Deferments for P&I for 3 months by customer request
- Approving on a case-by-case basis for NSF and late charges
- Stimulus check deposits with negative balances are monitored on a case-by case basis as well. Maintenance and NSF fees are waived
- Suspended charging fees for Reg D excessive transactions on savings/money market accounts until October 31, 2020. *ERM Committee approved extending through December 31, 2020.
- Participated in the first two rounds of Paycheck Protection Program loans.

Regulations

The Federal Reserve Board announced an interim final rule to amend Regulation D (Reserve Requirements of Depository Institutions) to delete the six-per-month limit on convenient transfers from the "savings deposit" definition. The interim final rule allows—but does not require—depository institutions to immediately suspend enforcement of the six-transfer limit and to allow their customers to make an unlimited number of convenient transfers and withdrawals from their savings deposits at a time when financial events associated with the coronavirus pandemic have made such access more urgent.

Training

Offsite training continues to be restricted.



FIRST NATIONAL BANK NORTHWEST FLORIDA



**BOARD OF DIRECTORS REPORT
AS OF SEPTEMBER 30, 2020**

Risk Management Program

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 Internal Control Work Flow

ADDED BY ERM COMMITTEE

Cybersecurity Assessment Tool - CAT Inherent Risk
Insurance Risk

Risk Management System Process

Updated As of: 9/30/2020

The ERM (Enterprise Risk Management) Committee shall prepare the Risk Profile Report for presentation to the Board of Directors on an annual basis. The information obtained from the Risk Assessment Forms provided will be used in the preparation of the Risk Profile Report. The committee utilized the Community Bank Risk Assessment information from the Community Bank Supervision Handbook which lists 16 risk categories in the Appendixes. The ERM committee added two additional risk categories. Please see the detail list below.

The ERM Committee is comprised of the Executive and Senior Officers of the bank. The Credit Administrator/BSA Officer and the Internal Auditor/Compliance Officer have been added as non-voting members of the committee.

Each member of the committee shall be responsible for completion and updating of Risk Management System Forms related to their functional area of risk. Forms will be reviewed as needed but no less frequently than annually unless a change occurs that would warrant more frequent evaluation. The Risk Officer shall report to the board as needed and an annual report shall be prepared for the board by the ERM committee.

The Risk Management System process will:

Identify risk by each functional area and/or corporate policy

To properly identify risks, the Bank must recognize and understand existing risks or risks that may arise from new business initiatives. Risk identification should be a continuing process, and risks should be understood at both the transaction and portfolio levels.

Categorize risk by Risk Profile

Appendix A	Page-Community Bank Supervision
1 Credit Risk	Page 181
2 Interest Rate Risk	Page 189
3 Liquidity Risk	Page 193
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5 Operational Risk	Page 200
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9 BSA/AML/OFAC Risk	Page 214
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11 Consumer Lending Regulations Risk	Page 223
12 Consumer Deposit Regulations Risk	Page 228
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14 Asset Management Risk	Page 235

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15 Community Bank Audit Assessment Risk	Page 242
16 Community Bank Internal Control Assessment Risk	Page 240

ADDED BY ERM COMMITTEE

17 Cybersecurity Assessment Tool - CAT Inherent Risk	
18 Insurance Risk	

Assessment of Risk:

Accurate and timely measurement of risk is essential to effective risk management systems. The bank must have a risk measurement system to control or monitor risk levels. Sound risk measurement systems assess the risks individually (transaction level) and in aggregate (portfolio level).

Assess the Quantity of risk

Quantity of Risk is the level or volume of risk that the Bank faces.

Low
Moderate
High

Assess the Quality of Risk Management

Quality of Risk Management is how well risks are identified, measured, controlled, and monitored.

Strong
Satisfactory
Insufficient
Weak

Quantity and Quality of Risk management should be assessed independently. When assigning the individual ratings, the assessment of the quantity of risk should not be affected by the quality, no matter how strong or weak, of risk management. A conclusion should not be made that "high" risk levels are bad and "low" risk levels are good. The quantity of risk simply reflects the level of risk the Bank accepts in the course of doing business and whether this is good or bad depends on whether its risk management systems are capable of identifying, measuring, monitoring, and controlling that amount of risk.

Assess the Aggregate risk

Aggregate risk is a summary judgement about the level of concern. It incorporates judgements about the quantity of risk and the quality of risk management. The Audit/Compliance Officer will weigh the relative importance of each.

Low
Moderate
High

Anticipate the Direction risk is expected to take within the next twelve months

Direction of risk is the probable change in the aggregate level of risk over the next twelve months and is characterized as decreasing, stable or increasing. The direction of risk will influence the ERM committee's strategy and the Audit/Compliance review strategy, including the extent to which expanded procedures might be used.

Decreasing	Aggregate risk should decline over the next twelve months.
Stable	Aggregate risk remain unchanged
Increasing	Aggregate risk should be expected to be higher in the next twelve months.

Elaborate on systems established to monitor risk and the frequency of monitoring

The Bank shall monitor risk levels to ensure timely review of risk positions and exceptions. Monitoring reports should be timely, accurate, and informative and should be distributed to appropriate individuals to ensure action, when needed.

State policies and procedures to control the risk identified

The Bank shall establish and communicate risk limits through policies, standards, and procedures that define responsibility and authority. These limits shall serve as a means to control exposures to the various risks associated with the Bank's activities. The limits shall be tools that management can adjust when conditions or risk appetite change. The Bank shall have a process to authorize and document exceptions or changes to risk limits when warranted.

The Risk Profile Report, to be submitted to the Board of Directors, is a consistent means of assessing and measuring the Bank's risks, if any. The Board should consider the present condition of the Bank as well as identifying and increasing risks. The Board should consider risk as the potential that events, expected or unanticipated, may have an adverse impact on the Bank's financial condition and resiliency.

The existence of risk is not necessarily a problem. Even the existence of high risk in any area is not necessarily a concern, so long as Management effectively manages that level of risk. The Board should decide whether the risks the Bank assumes are warranted. A risk is warranted when it is identified, understood, measured, monitored, and controlled. It should be in the Bank's capacity to readily withstand the financial distress that such risk could cause.

The Risk Profile Report should provide the Audit/Compliance Department the determining factors of when the core assessment reviews should be expanded when conducting an audit. The characterization of the risk profile will supply guidance to the Audit/Compliance Department for internal review strategies. Minimum-scope assessments shall be used in "low-risk" areas, while standard assessments should be used in "moderate-risk" areas. A combination of the standard assessment and more frequent expanded procedures (as needed) should be used in "high-risk" areas.

Risk Profile By Degree of Risk

Updated: 9/30/20

Risk Category	Aggregate Risk	Direction of Risk	Quantity of Risk	Quality of Risk Management	Explanation for Direction of Risk
	Low	Decreasing	Low	Strong	
	Moderate	Stable	Moderate	Satisfactory	
	High	Increasing	High	Insufficient Weak	
1	Asset Management Risk	N/A	N/A	N/A	
2	Audit Assessment Risk	Low	Stable	Moderate	Strong
3	BSA/AML/OFAC Risk	Low	Stable	Low	Strong
4	Compliance	Moderate	Stable	Moderate	Strong
5	Consumer Deposit Regulations Risk	Low	Stable	Moderate	Strong
6	Consumer Lending Regulations Risk	Low	Stable	Low	Strong
7	Consumer Other Regulations Risk	Low	Stable	Low	Strong
8	Credit Risk	Low	Stable	Low	Strong
9	Fair Lending Risk	Low	Stable	Low	Strong
10	Information Technology - Cyber Security Risk Assessment Tool	Low	Stable	Low	Strong
11	Insurance Assessment Risk	Moderate	Stable	Moderate	Satisfactory
12	Internal Control Assessment Risk	Low	Stable	Low	Strong
13	Interest Rate Risk	Low	Stable	Low	Strong
14	Liquidity Risk	Low	Stable	Low	Strong
15	Operation/Transaction Risk	Low	Stable	Moderate	Satisfactory
16	Price Risk	Low	Stable	Low	Strong
17	Reputation Risk	Moderate	Stable	Moderate	Strong
18	Strategic Risk	Moderate	Stable	Moderate	Strong

RISK APPETITE STATEMENT

Enterprise Risk Management (ERM) is more than simply a collection of policies, procedures, limits, and models. Effective risk management also requires a strong risk culture and risk governance. Risk culture is the system of values and behaviors within the organization that shapes the day-to-day decisions that we all make. Developing a risk culture is a continuous process – it is consistent with, and builds upon, our Core Values, Leadership Competencies, and Code of Business Conduct & Ethics in that it is based on a common understanding that managing risk is everyone's responsibility and creates an environment that encourages the open exchange of ideas, willingness to elevate concerns, and a commitment to "doing the right thing." As such, risk culture is a critical element of the Bank's risk management efforts.

Redundant checks and balances are in place throughout the bank. The management of the bank, through policy and procedure, have instituted a culture where segregation of duties and dual control are second nature to the staff. Work flow is designed so that no one person has control of the process from beginning to end. All maintenance completed in the bank, is verified by a staff member with inquiry only access. There are secondary reviews at various levels on both the loan and deposit sides of operations. Exceptions to policy are noted, presented to the board and monitored to resolution. The Bank has an Internal Auditor who is independent and reports directly to the Board of Directors and an external audit firm. Additionally, the Bank has numerous other independent reviews completed by outside vendors: Loan Review, IT/IS/Cyber/GLBA, Verification of Internal Audit Deposit, BSA & Consumer Loan Review. All of this is designed to ensure multiple layers of risk control and risk mitigation.

Also, critical to First National Bank's approach to Enterprise Risk Management is a Risk Appetite OR appetite Framework that defines how much risk is taken by the Bank. This Risk appetite is supported by an Enterprise Risk Management System that defines key risk activities for twelve different risk categories of compliance risk, credit risk, IT/IS/Cyber risk, interest rate risk, liquidity risk, operational/transaction risk, price risk, reputational risk, strategic risk, audit risk, Insurance risk and Internal Control risk..

Risk Appetite Statements for each of the categories are listed below:

APPENDIX A:

Credit Risk Appetite

The Board has a moderate appetite for new credit risk, and a low risk appetite for loan impairment losses. New credit risk will be monitored through the bank's loan grading system as well as careful consideration of the borrower's global cash flow position.

Impairment losses should not exceed 0.25% of the loan portfolio in any calendar year. In the event credit losses exceed 0.30% during any year, management will propose significant remediation efforts designed to mitigate overall portfolio risk. These recommendations may include credit concentration limits, tightening underwriting standards, detailed action plans or loan policy changes.

Risks in this area shall be monitored/managed using the following tools:

Board approved Loan Policy.
Board approved Problem Assets Policy and Procedures.
Commercial Real Estate Lending Procedures.
Allowance for Loan and Lease Loss Procedures.
Loan Committee reviews.
Quarterly credit concentration reports.
Quarterly reviews of the bank's allowance for loan losses.
Monthly credit risk status reports.

IRR-Interest Rate Risk Appetite

Interest rate risk arising from the Bank's lending, funding and investment activities is managed in accordance with Board-approved policies, which are designed to control the risk to net interest income and economic value of shareholders' equity. The Bank has a low appetite for Interest Rate Risk.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Strategic - Capital Plan
Board Approved Contingency Funding Plan
Board Approved Capital Dividends Policy
Board Approved Asset Liability Management Policy
Board Approved Investment Policy
Risk Management Program Interest Rate Risk Appetite Risk Assessment
IRR Quarterly Report-CenterState/FICast
Bond Risk Report-Monthly-CenterState

ALCO Monthly meetings & reports--Reports too numerous to mention but include at a minimum: Financials, Yields, Investments, Rates, EVE, NIM, Liquidity, Sources/Uses, Investment Benchmark Tracking, Loan to Deposits, Loans Tied to Prime/Fixed, Guaranteed Loans, Participation Loans, etc. - please see ALCO meeting packages
Contingency Funding Worksheet-Quarterly
Daily Financial Statement review.
Daily/Weekly/Monthly - Economic Forecast/Market Review Emails from Various Vendors
Annual IRR Model Validation and Report to Board of Directors

Liquidity Risk Appetite

Liquidity has become more important, especially under stress situations such as the financial crisis. This also is where the appropriate risk appetite plays a critical role in protecting capital adequacy. Liquidity is the ability to fund increases in assets and meet obligations as they come due. When a liquidity event occurs the impact can affect many areas-specifically reputation of the bank. The Bank has a low appetite for liquidity risk and maintains more than adequate liquidity.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Strategic - Capital Plan
Board Approved Contingency Funding Plan
Board Approved Capital Dividends Policy
Board Approved Asset Liability Management Policy
Board Approved Investment Policy
Risk Management Program Liquidity Risk Appetite Risk Assessment
IRR Quarterly Report-CenterState/FICast
Bond Risk Report-Monthly-CenterState

ALCO Monthly meetings & reports--Reports too numerous to mention but include at a minimum: Financials, Yields, Investments, Rates, EVE, NIM, Liquidity, Sources/Uses, Investment Benchmark Tracking, Loan to Deposits, Loans Tied to Prime/Fixed, Guaranteed Loans, Participation Loans, etc. - please see ALCO meeting packages

Contingency Funding Worksheet-Quarterly

Daily Financial Statement review.

Daily/Weekly/Monthly - Economic Forecast/Market Review Emails from Various Vendors

Operations / Transaction Risk Appetite

The Bank's appetite for specific operational risks is detailed below. Risks are carefully analyzed in all the Bank's operational activities, including to ensure the benefit of the risk control measures exceeds the costs of these measures.

(1) Information Technology (IT) risks cover both daily operations and on-going enhancements to the Bank's IT systems. These include:

Processing – Prolonged outage of a core RBA system: The Bank has a very low appetite for risks to the availability of systems which support its critical business functions including those which relate to inter-bank settlements, banking operations and financial markets operations. Maximum recovery times have been identified and agreed with each business area.

Security – Cyber-attack on systems or networks: The Bank has a very low appetite for threats to Bank assets arising from external malicious attacks. To address this risk, the Bank aims for strong internal control processes and the development of robust technology solutions.

On-going Development: The implementation of new technologies creates new opportunities, but also new risks. The Bank has a low appetite for IT system-related incidents which are generated by poor change management practices.

(2) Fraud and Corruption

The Bank has no appetite for any fraud or corruption perpetrated by its staff. The Bank takes all allegations of suspected fraud or corruption very seriously and responds fully and fairly as set out in the Code of Conduct.

(3) Physical Security

The Bank strives to provide a highly-secure environment for its people and assets by ensuring its physical security measures meet high standards. The Bank has a very low appetite for the failure of physical security measures.

(4) Information Management

The Bank is committed to ensuring that its information is authentic, appropriately classified, properly conserved and managed in accordance with legislative and business requirements. It has a very low appetite for the compromise of processes governing the use of information, its management and publication. The Bank has a very low appetite for the deliberate misuse of its information.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Information Security Policy
Board Approved Information Technology Policy
Board Approved Electronic Banking Policy
Board Approved Employee Social Media Policy
Board Approved Incident Response Policy
Board Approved Internet Use Policy
Board Approved Microcomputer End-User Policy
Board Approved Online Banking Policy
Board Approved Outsourcing Technology Services Policy
Board Approved Vendor Management Policy

Board Reviewed Cybersecurity Assessment Tool (CAT)
Board Reviewed IT Quarterly Reports to the Board of Directors
Risk Management Program Operations Risk Appetite Assessment
Quarterly ISO Peer Group Meetings
Board Approved Cybersecurity Policy and Procedures
Board Approved Hardware & Software Life Cycle Policy
Information Security Internal Audits (internal & external audits)
Information Technology/Cyber Audits (internal & external audits)
Penetration Testing

Price Risk Appetite

Management has a moderate appetite for loss of income through price risk. For the purpose of this section, price risk is defined as the risk associated with the potential loss of income stemming from the sale or disposal of other real estate owned (OREO) which the bank has acquired in the normal course of business. It is management's desire to achieve maximum profitability with the sale of each OREO property while being mindful of the ongoing holding costs associated with transactions that fail to close. With this goal in mind, the following factors will be considered with each OREO property available for sale:

Maintenance Expenses – All expenses should be managed with diligence in an effort to cut unnecessary costs. Competitive bids should be sought for all significant expenses such as insurance and repairs. Additionally, property taxes should be paid before late fees are assessed.

Marketing – Property should be actively marketed upon acquisition. Initially, management may consider doing this without using a broker to avoid a sales commission. In the event internal marketing does not yield a significant level of activity, management should consider listing through MLS using a broker.

Sales Commissions – The initial commission requested by the real estate broker should never be accepted without making an effort to negotiate a reduced percentage. Studies have shown that sellers who negotiate to cut their commission can do so with little risk of getting worse service. Most agents that are aggressive in looking for new business would often be willing to find some acceptable middle ground rather than let a listing go. If the initial response is "no," consider going to the most senior broker rather than a newer agent. The broker is usually able to negotiate his or her cut with the agent which will help get a discount.

Pricing and Appraisals – Pricing should always be based on current market value as determined by an independent appraisal report or internal evaluation. At a minimum this should be done at the time of acquisition, and annually thereafter. Valuations should be done more frequently if management believes market conditions are changing very quickly in a particular geographic location.

Sales Contracts – Many risks can be mitigated by carefully drawn up contracts. It is therefore essential that management rely on an agreement that has been reviewed for proper legal content. In order to minimize loss of income from appreciation, the term of the sales contract should never exceed 90 days unless it includes provisions for inflation or changes in market appreciation.

Back-up Offers – Secondary offers should always be considered just in case the primary offer is rejected or falls through.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Problem Asset Policy
Risk Management Program Price Risk Appetite Risk Assessment
Loan Officer Status Report
Accounting Worksheets for each Asset

Compliance Risk Appetite

The Bank is committed to a high level of compliance with relevant legislation, regulation, industry codes and standards: as well as internal policies and sound corporate governance principles. Identified breaches of compliance will be remedied as soon as practicable. Management has a low appetite for deliberate or purposeful violations of legislative or regulatory requirements.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Compliance Program Policy
ABA Frontline Compliance Online Training
Enterprise Risk Management (ERM) Program Compliance Risk Assessment
Compliance Audits, frequency per risk rating
Lexis Nexis eBook Compliance (policies, procedures, audit programs)
Daily ABA Newsbyte emails
Daily BOL Editor emails
Daily ICBA email alerts
Monthly Compliance Action Newsletter by Lucy Griffin
Monthly Compliance Report to the Board of Directors
Quarterly Continuity Compliance Webinars, plus specific regulatory webinars, as needed
Quarterly Information Security Officer (ISO) Peer Group Meetings
Periodic OCC Teleconferences for hot button topics
Annual Bank Secrecy Act (BSA) Risk Assessment
Annual Community Reinvestment Act (CRA) Self-Assessment
Annual ACH Risk Assessment
Annual Remote Deposit Capture Risk Assessment
Annual Information Security Risk Assessment
Annual Information Technology Risk Assessment
Annual Cybersecurity Assessment Tool (CAT)
Annual Bank-wide Compliance Risk Assessment
Annual Fair Lending Risk Assessment
Annual Identity Theft -Red Flags Risk Assessment
Annual Enterprise Risk Management Risk Assessment
New Vendor Risk Assessment, As needed
External Compliance Audits, as scheduled by management
BankCompliance.com compliance website:
* Compliance Gurus for Q&As directly to email Inbox
* Compliance Tools
* Compliance Training
Compliance Policy Board Submission Schedule

Strategic Risk Appetite

It is the goal of Bank Management to understand our Strategic Plan, to make prudent and timely business decisions, to be responsive to changes in the banking industry and the markets we serve, and to serve the community providing innovation, high quality customer service and cost effective products while balancing risk and opportunity.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Strategic - Capital Plan
Board Approved Contingency Funding Plan
Board Approved Capital Dividends Policy
Board Approved Asset Liability Management Policy
Board Approved Investment Policy
Risk Management Program Strategic Appetite Risk Assessment

Reputation Risk Appetite

A bank can expose itself to Reputational Risk through public perception. We will minimize this risk by not offering products or services that might trigger negative public perception such as subprime lending products or reverse mortgages. We will also promote a positive culture, provide rapid response to problems, avoid conflicts of interest and deceptive practices. Further we will strive to meet goals related to positive financial performance.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Unfair and Deceptive Acts and Practices (UDAAP) Policy
Board Approved Complaint Policy
Board Approved Conflict of Interest Code of Ethics Policy
Board Approved Incident Response Policy
Risk Management Program Reputation Risk Appetite Risk Assessment
Memberships in Civic/Community Organizations - (Rotary, Bay County Chamber, etc.)

APPENDIX B

BSA/AML/OFAC - Risk Appetite

The Board has a low appetite for any patterns or practices that may be considered inadequate according to the provisions of the BSA/AML/OFAC regulations. Specifically, the Board will not tolerate any repeat exam, audit, or compliance review findings nor any BSA examination assessment where management is criticized for unsatisfactory compliance with BSA regulations. Additionally, to ensure an adequate understanding of BSA/AML/OFAC requirements, the Board will also require annual BSA compliance training of employees with at least a 80 percent passing grade.

Risks in this area shall be monitored/managed using the following tools:

Board-Approved Bank Secrecy Act (BSA) Policy and Procedures

Annual BSA Internal Audit

Periodic BSA/AML/OFAC External Review, as deemed appropriate by enterprise risk management committee

Fair Lending Risk Appetite

The Board has a low appetite for any patterns or practices that may be considered discriminatory according to the provisions of the Equal Credit Opportunity Act and the Fair Housing Act. Specifically, the Board will not tolerate any repeat exam, audit, or compliance review findings nor any exam CRA ratings less than "satisfactory." Additionally, to ensure an adequate understanding of fair lending requirements, the Board will also require annual fair lending compliance training of employees with at least a 80% passing grade.

Risks in this area shall be monitored/managed using the following tools:

Annual Fair Lending Risk Assessment by Audit

Annual Bank-Wide Compliance Risk Assessment by Audit

Consumer Lending Risk Appetite

The Board has a low appetite for new consumer lending risk, and a low risk appetite for violations of consumer protection laws. New consumer lending risk will be monitored through the bank's internal audit plan as well as properly configured 3rd party vendor disclosures.

Risks in this area shall be monitored/managed using the following tools:

Board approved Loan Policy.

Home Mortgage Disclosure Act Policy

Non-Real Estate Consumer Loan Servicing Policy

Real Estate Settlement Procedures Act Policy

Regulation Z-Ability to Repay Policy

Regulation Z- Closed End Non-Real Estate Policy

Regulation Z- HELOC Policy

Regulation Z- Open End Non-Home Secured Policy

Regulation Z- Private Education Loan Policy

Regulation Z- Closed End Real Estate Policy

Loan Committee reviews.

Quarterly credit concentration reports.

Quarterly reviews of the bank's allowance for loan losses.

Monthly credit risk status reports.

Annual Consumer Lending Audit

Periodic Consumer Lending Review by External Audit

Consumer Deposit Risk Appetite

It is the goal of the bank to remain compliant with all the appropriate regulations. From a Consumer Deposit perspective these include:

[Regulation D: Reserve Requirements of Depository Institutions 12 CFR 204](#)

[Regulation E: Electronic Fund Transfers 12 CFR 205](#)

[Regulation CC: Availability of Funds and Collection of Checks 12 CFR 229](#)

[Regulation DD: Truth in Savings 12 CFR 230](#)

Risks in this area shall be monitored/managed using the following tools:

Annual Deposit Audit

Annual Dormant & Escheat Accounts Audit

Annual Reg E Audit & Board Approved - Electronic Funds Transfer Policy and Procedures

Board Approved - Federal Benefit Payment Garnishment Policy

Annual Reg CC Audit & Board Approved - Funds Availability (Reg CC) Policy

Annual Funds Transfer Audit & Board Approved - Funds Transfer Policy

Annual Online Banking Audit & Board Approved - Online Banking Appendixes

Board Approved - Regulation CC-Subpart C Policy

Bi-Annual Remote Deposit Capture Audit & Board Approved - Remote Deposit Capture Policy

Bi-Annual Reg DD Audit & Board Approved - Truth in Savings Reg DD

Board Approved - Unlawful Internet Gambling

Periodic Deposits External Review

Consumer Other Risk Appetite

It is the goal of the bank to remain compliant with all the appropriate regulations. From a Consumer perspective these include:

- 1) Privacy of Consumer Financial Information
- 2) Fair Credit Reporting Act
- 3) Right to Financial Privacy Act
- 4) Fair Debt Collection Practices Act
- 5) Children's On-Line Privacy Protection Act
- 6) Controlling the Assault of Non-Solicited Pornography and Marketing Act
- 7) Telephone Consumer Protection Act

Risks in this area shall be monitored/managed using the following tools:

Annual Fair Credit Reporting Act Audit
Annual Right to Financial Privacy Act Audit
Annual Customer Information Protection Report to the Board of Directors by Internal Auditor
Periodic Right to Financial Privacy Act External Review
Periodic Fair Credit Reporting Act External Review
Board-Approved Fair Credit Reporting Act Policy
Board-Approved Right to Financial Privacy Act Policy
Board-Approved Privacy Policy And Disclosure -No Opt Out

Asset Management Risk Appetite

First National Bank Northwest Florida does not participate in these type services. Services include: personal trust and estate administration, retirement plan services, investment management, advisory and corporate trust administration, security holder services, transfer agencies, cash management, tax advice/preparation, sale of equities, fixed income products, mutual funds, annuities, cash management sweep accounts, and other types of investment instruments.

Risks in this area shall be monitored/managed using the following tools:

ERM Committee and Board Review all New Products/Services

APPENDIX E

Community Bank Audit Risk Appetite

The Bank is committed to an internal auditing process that is independent. The Board of Directors and Management believe that internal audit provides value to the organization in providing objective assurance that the major business risks are being managed appropriately and providing assurance that the risk management and internal control framework is operating effectively.

The Bank has a very low appetite for unaudited high-risk operations. Management will ensure that high risk areas of internal audit will be periodically verified by an external audit process.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Internal Audit Policy
Monthly Internal Audit Reports to the Board of Directors
Quarterly Audit Findings Tracking Monitor Report to the Board of Directors
Periodic external audits, as identified by enterprise risk management committee
Annual Board-Approved Internal Audit Risk Assessment & Audit Schedule
Enterprise Risk Management (ERM) Program Internal Audit Risk Assessment
ABA Frontline Compliance Online Training
The Institute for Internal Auditors Program
The Institute for Internal Auditors Training
The Institute for Internal Auditors Daily emails
Lexis Nexus Internal Audit Programs

Internal Control Risk Appetite

The Bank is committed to incorporating strong internal controls. Internal control is one of the principal means by which risk is managed. To strengthen the Bank's internal controls, management may manage risk by transferring risk to third parties. Management has a low appetite for purposeful violations of internal controls implemented.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Internal Control Policy
Internal Control Departmental Risk Assessments
Annual Internal Control audit
Internal controls during various audits
Semi-Annual Enterprise Risk Management (ERM) Program Internal Control Risk Assessment
Departmental Internal Control spreadsheets

ADDED BY ERM COMMITTEE

CAT - CYBERSECURITY ASSESSMENT TOOL - INHERENT RISK

The Bank realizes the increased risk of a cyber-crime with the amount of cyber-attack incidents on financial institutions. The Bank has a low appetite for cyber risk since customer information is the Bank's most important asset. The Bank recognizes that it is not possible, or necessarily desirable to eliminate some of the risks inherent in its activities. Acceptance of some risk is often necessary to foster innovation within business practices.

Cyber Risk Management Framework

The Bank's risk management framework seeks to ensure that there is an effective process in place to manage cyber risk across the bank. Risk management is integral to all aspects of the Bank's activities and is the responsibility of all staff. Managers have a particular responsibility to evaluate their cyber-risk environment, to put in place appropriate controls and to monitor the effectiveness of those controls. Cyber risk are identified, assessed, and managed at both an enterprise level ("top down") and business level ("bottom up"). The Technology/Information Security/Cyber (IT/IS/Cyber) Risk Management Committee is in place, chaired by the Information Security & Cyber Officer, and has oversight for these processes. This committee meets at least four times a year and provides a report on its activities to the Board of Directors.

Coverage - The Bank's attitude towards its key strategic, financial, customers, and operational cyber risks:

Strategic Risk- The bank aspires to be a quality community bank. This requires on-going development and innovation in its operations through strategic initiatives. The Bank has a low appetite for threats to the effective and efficient delivery of these initiatives. It recognizes that the actual or perceived inability to deliver strategic initiatives. could have a significant impact on its ability to achieve its objectives, as well as its reputation. The Bank's senior **Financial** - The Bank realizes that a cyber-attack could affect customer privacy and the reputation of the Bank. The Bank has a low appetite for customer identity theft. The Bank aims to minimize the risk of a cyber-attack through a framework of controls.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Information Security Policy	Cybersecurity Assessment Tool (CAT)
Board Approved Information Technology Policy	IT Quarterly Reports to the Board of Directors
Board Approved Electronic Banking Policy	Risk Management Program Cyber/IT/IS Risk Appetite Assessment
Board Approved Employee Social Media Policy	Quarterly ISO Peer Group Meetings
Board Approved Incident Response Policy	Board Approved Cybersecurity Policy and Procedures
Board Approved Internet Use Policy	Annual CAT Status Reports to the Board
Board Approved Microcomputer End-User Policy	FS-ISAC Cyber Table Top Exercises
Board Approved Online Banking Policy	Board Approved Hardware & Software Lifecycle Policy
Board Approved Outsourcing Technology Services Policy	Silversky Monthly Firewall Report
Board Approved Vendor Management Policy	AaSys ROC Patch Report
Board Approved Bring Your Own Device (BYOD) Policy	Board Approved FNB Cybersecurity Program
Prometheus 24/7 Monitoring Reports	Work from Home Policy

Insurance Risk Appetite

Insurance risk will impact the reserves of the Bank-Capital and Earnings. Appetite for insurance risk defines the risk tolerance to limit potential losses. The Bank has a low appetite for potential loss of any kind.

Risks in this area shall be monitored/managed using the following tools:

Board Approved Strategic - Capital Plan
Board Approved Contingency Funding Plan
Board Approved Capital Dividends Policy
Board Approved Asset Liability Management Policy
Board Approved Investment Policy
Risk Management Program Insurance Risk Assessment
Fidelity Bond Insurance Policy
D & O Insurance Policy
Cyber Insurance Policy
Commercial Package
Board Approved Committee Yearly Insurance Review with Broker/Agent

Interest Rate Risk Assessment (IRR)

Interest rate risk (IRR) is the risk to current or projected financial condition and resilience arising from movements in interest rates. IRR results from differences between the timing of rate changes and the timing of cash flows (repricing risk); from changing rate relationships among different yield curves affecting bank activities (basis risk); from changing rate relationships across the spectrum of maturities (yield curve risk); and from interest-related options embedded in bank products (options risk). (Updated 9/30/2019)

The assessment of IRR should consider risk from both an accounting perspective (i.e., the effect on the bank's accrual earnings) and an economic perspective (i.e., the effect on the market value of the bank's portfolio equity). In some banks, IRR is included in the broader category of market risk. In contrast with price risk, which focuses on the mark-to-market portfolios (e.g., trading accounts), IRR focuses on the value implications for accrual portfolios (e.g., held-to-maturity and available-for-sale accounts). (Updated 9/30/2019)

Completed by:

Angie Barger, Barbara McCullough, & Kim Johns

Date:

9/30/2020

Quantity of IRR Risk is:

Low	Moderate	High	Comments
			The bank is conservative in investments, has an experienced and knowledgeable ALCO committee and a stable customer base.

Quality of IRR Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				The bank is conservative in investments, has an experienced and knowledgeable ALCO committee and a stable customer base.

Aggregate IRR Risk is:

Low	Moderate	High	Comments
			The ALCO is comprised of an experienced executive management team- investments continue to be conservative and short term.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The ALCO is comprised of an experienced executive management team- investments continue to be conservative and short term.

The Quantity of IRR is:

Low	Moderate	High	Comments
<p>No significant mismatches on longer-term positions exist. Shorter-term exposures are simple and easily adjusted to control risk.</p>	<p>Mismatches on longer-term positions exist but are manageable and could be effectively hedged.</p>	<p>Repricing mismatches are longer-term, and may be significant, complex, or difficult to hedge.</p>	<p>The bank is highly liquid. As of 09/30/2020 the average life of investments is 3.23 years-effective duration is 1.69%. The bank has \$89.3 Million in FDIC Insured short term certificate of deposits with other financial institutions. Additionally there is \$21.7 million with the Federal Reserve.</p>
<p>Potential exposure to financial performance is negligible under a +/- 200 basis point rate change over a 12-month horizon.</p>	<p>Potential exposure to financial performance is not material under a +/- 200 basis point rate change over a 12-month time horizon.</p>	<p>Potential exposure to financial performance is significant under +/- 200 basis point rate change over a 12-month time horizon.</p>	<p>The bank is asset sensitive and will benefit most from a rising rate environment. The EVE exhibits minimal long-term sensitivity and is projected to improve under rising rate environment.</p>
<p>There is little or no exposure to multiple indexes that price assets & liabilities, such as prime, London Interbank Offered Rate (Libor), Constant Maturity Treasury (CMT), Cost of Funds Index (COFI), etc.</p>	<p>Potential exposure to multiple indexes that price assets & liabilities, such as prime, Libor, CMT, COFI, etc., is reasonable and manageable.</p>	<p>Potential exposure to multiple indexes that price assets & liabilities, such as prime, Libor, CMT, COFI, etc., is significant. Positions may be complex.</p>	<p>The bank has a limited number of indexes used to price assets. Wall Street Prime primarily but a small number/dollar volume: (T-Bill 1YR, 3YR, 5YR, & 10YR) Liabilities are normally priced relative to Wall Street Prime.</p>

Low	Moderate	High	Comments
Potential exposure to changes in the level and shape of the yield curve is absent or negligible.	Potential exposure to changes in the level and shape of the yield curve is not material and is considered manageable.	Potential exposure to changes in the level and shape of the yield curve is significant. Positions may be complex.	The bank is asset sensitive and will benefit most from a rising rate environment. The average life of the investment portfolio is short enough to make changes as needed. Volume of Loans is steady but increasing slightly.
Potential exposure to assets and/or liabilities with embedded options is low. Positions are neither material nor complex.	Potential exposure to assets and/or liabilities with embedded options is not material. The impact of exercising options is not projected to adversely impact earnings or capital.	Potential exposure to assets and/or liabilities with embedded options is material. Positions may be complex and the impact of exercising options may adversely impact earnings or capital.	The bank does not normally offer complex products with embedded options.
Volume and complexity of servicing assets is either insignificant or nonexistent, presenting virtually no exposure to financial performance due to changes in interest rates.	Volume and complexity of servicing assets is relatively modest and does not present material exposure to financial performance due to changes in interest rates.	The volume and complexity of servicing assets is material and potentially exposes financial performance to significant exposure from changes in interest rates.	Servicing assets are very limited in number (primarily SBA 7A & USDA loans)
Support provided by low-cost, stable nonmaturity deposits is significant and absorbs or offsets exposure arising from longer-term repricing mismatches or options risk.	Support provided by low-cost, stable nonmaturity deposits absorbs some, but not all, of the exposure associated with longer-term repricing mismatches or options risk.	Support provided by low-cost, stable nonmaturity deposits is not significant or sufficient to offset risk from longer-term repricing mismatches or options risk.	The bank has very stable nonmaturity deposits - most have been with the bank over 10yrs.

The Quality of Interest Rate Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
Board-approved policies are sound and effectively communicate guidelines for management of IRR, functional responsibilities, and risk appetite	Board-approved policies adequately communicate guidelines for management of IRR, functional responsibilities, and risk appetite. Minor weaknesses may be evident.	Board-approved policies require improvement. Policies may not reflect current risk appetite and may not clearly communicate guidelines for management of IRR or note specific functional responsibilities.	Board-approved policies are missing or inadequate in communicating guidelines for management of IRR, functional responsibilities, and risk appetite	Asset Liability Management Policy, Contingency Funding Plan, Investment Policy
Risk-limit structures provide clear risk parameters for risk to earnings and economic value consistent with the risk appetite of the Board. Limits reflect sound understanding of risk under adverse rate scenarios. The board and management are proactive when initiating action to limit, reduce, or otherwise mitigate the bank's risk.	Risk-limit structures for earnings and economic value are reasonable and consistent with the risk appetite of the Board. Management generally takes action to limit, reduce, or otherwise mitigate risk when risk exposure is near or exceeds board-approved limits.	Risk-limit structures to control risk to earnings and economic value require improvement. Limits may be inconsistent with the board's true risk appetite. Management may or may not identify when the bank exceeds board-approved limits and does not take timely action to reduce or mitigate risk when these limits are exceeded.	Risk-limit structures to control risk to earnings and economic value are absent, ineffective, unreasonable or inconsistent with the risk appetite of the Board. The board and management take little or no action to limit, reduce, or mitigate risk.	Benchmarks are delineated and reviewed. The bank has a very conservative portfolio- No derivatives, swaps, etc. The Board has a low tolerance to risk.
Management demonstrates a thorough understanding of IRR. Management anticipates and responds proactively and appropriately to adverse conditions or changes in economic conditions. Management identifies and manages risks involved in new products, services, and systems.	Management demonstrates an adequate understanding of IRR and generally responds timely and appropriately to adverse conditions or changes in economic conditions. Management adequately identifies and manages the risks involved in new products, services, and systems.	Management of IRR is reactive, and the board and management may not anticipate or respond appropriately to adverse conditions or changes in economic conditions. Weaknesses are evident in managements ability to identify or manage the risks involved in new products, services, and systems.	Management either does not demonstrate an understanding of IRR, or does not anticipate or respond appropriately to adverse conditions or changes in economic conditions. Management does not identify or inadequately identifies and manages the risks involved in new products, services, and systems.	The ALCO committee members regularly monitor economic data. Actions are taken pro-actively . ALCO committee members have long term experience in banking. In fact three of the four members have been with this bank for over 26 years and the committee has an average of 39+ years banking experience.

Strong	Satisfactory	Insufficient		Comments
<p>Risk measurement processes are robust given the size and complexity of the Bank's on-and-off balance sheet exposures. Data input processes for the accuracy and integrity of management information are effective. Assumptions are reasonable, regularly reviewed, and well documented. IRR is measured over a wide range of rate movements to identify vulnerabilities and stress points.</p>	<p>Risk measurement processes are appropriate given the size and complexity of the Bank's on-and-off balance sheet exposures. Data input processes for the accuracy and integrity of management information are adequate. Assumptions are reasonable. IRR is measured over an adequate range of rate movements to identify vulnerabilities and stress points. Minor enhancements may be needed.</p>	<p>Risk measurement processes require improvement. Modest weaknesses may exist in data input and interest rate scenario measurement processes. Assumptions may not be reviewed periodically and are not well supported. IRR may be only measured over a limited range of rate movements.</p>	<p>Risk measurement processes are deficient given the size and complexity of the Bank's on-and-off balance sheet exposures. Material weaknesses may exist in data input and interest rate scenario measurement processes. Assumptions may not be realistic, supported, or documented, and are not tailored to the individual bank.</p>	<p>The bank utilizes FICast Data Corporation through CenterState Bank to produce quarterly (IRR) Analysis. These are reviewed in detail by the ALCO committee and the executive summary, assumptions & summary reports for Static and Strategy are presented to the board. IRR is measured over Flat, 100, 200, 300 & 400 shocks and Basis Down, Rotate (neg), Forward, Rotate (positive) and Basis Up. An in-depth IRR Model Validation was completed this year by Saltmarsh (CPA Firm). Backtesting is completed by the Internal Auditor.</p>
<p>Earnings-at-risk (EAR) is measured as well as economic value-at-risk when significant longer-term or options risk exposure exists. No weaknesses are evident.</p>	<p>Earnings-at-risk is measured as well as economic value-at-risk when significant longer-term or options risk exposure exists. Minor enhancements may be needed.</p>	<p>Earnings-at-risk may not be appropriately measured. Economic value-at-risk may not be appropriately considered despite significant exposure to longer-term or options risk.</p>	<p>Earnings-at-risk is not appropriately measured. Economic value-at-risk may not be considered despite significant exposure to longer-term or options risk.</p>	<p>Earnings at risk and Economic Value are measured quarterly. The ALCO reviews adherence to benchmarks. The bank has little or no options risk exposure or significant long term exposure.</p>
<p>Management Information Systems (MIS) provides timely, accurate, and complete information on IRR to appropriate levels in the Bank. No weaknesses are evident.</p>	<p>MIS is adequate, and provide complete information on IRR to appropriate levels of Management. Minor weaknesses may be evident.</p>	<p>MIS may not be timely or provide complete information on IRR. Weaknesses potentially affect the board's ability to comprehensively identify and measure risk in the bank.</p>	<p>MIS is inadequate, inaccurate, or incomplete. Remedial actions are necessary, as material weaknesses in MIS are evident and materially affect management and the board's ability to identify and measure IRR.</p>	<p>The bank receives a Bond Portfolio Analysis monthly which is reviewed by the ALCO as soon as received - The ALM report is published and reviewed quarterly.</p>
<p>A well-designed, independent, and competent review function has been implemented to periodically validate and test the effectiveness of risk measurement systems. The process assesses the reasonableness and validity of scenarios and assumptions. The system is effective and no corrective actions are required.</p>	<p>An acceptable review function is in place. The review periodically validates and tests the effectiveness of risk measurement systems including the reasonableness and validity of scenarios and assumptions. The review is independent and competent. Minor weaknesses may exist, but can be easily corrected.</p>	<p>A review function is in place, but it requires enhancement. The review does not sufficiently validate and test the effectiveness of risk measurement systems including the reasonableness and validity of scenarios and assumptions. The review may not be fully independent, may not occur with enough frequency, or may not be completed by competent staff.</p>	<p>A review function to periodically validate and test the effectiveness of risk measurement systems either does not exist or is inadequate in one or more material respects. The review is not independent or completed by competent staff. Processes to evaluate the reasonableness and validity of rate scenarios and assumptions used are absent or have significant deficiencies.</p>	<p>Annual independent review by both the External Audit Firm and by Internal Auditor. An in-depth IRR Model Validation was completed this year by Saltmarsh (CPA Firm). Backtesting is completed by the Internal Auditor.</p>

Liquidity Risk Assessment

Liquidity risk is the risk to current or projected financial condition and resilience arising from an inability to meet obligations when they come due. Liquidity risk includes the inability to access funding sources or manage fluctuations in funding levels. Liquidity risk also results from a bank's failure to recognize or address changes in market conditions that affect its ability to liquidate assets quickly and with minimal loss in value. (Updated 9/30/2019)

The nature of liquidity risk has changed in recent years. Increased investment alternatives for retail depositors and sophisticated off-balance-sheet products with complicated cash-flow implications are examples of factors that increase the complexity of liquidity risk. (Updated 9/30/2019)

Completed by:

Angie Barger, Barbara McCullough, & Kim Johns

Date:

9/30/2020

Quantity of Liquidity Risk is:

Low	Moderate	High	Comments
			The bank is conservative in investments, has an experienced and knowledgeable ALCO committee and a stable customer base.

Quality of Liquidity Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				The bank is conservative in investments, has an experienced and knowledgeable ALCO committee and a stable customer base.

Aggregate Liquidity Risk is:

Low	Moderate	High	Comments
			The ALCO is comprised of an experienced executive management team-investments continue to be conservative and short term.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The ALCO is comprised of an experienced executive management team-investments continue to be conservative and short term.

Consider both the Quantity of Liquidity Risk and the Quality of Liquidity Risk Management

The Quantity of Liquidity Risk is:

Low	Moderate	High	Comments
<p>Funding sources are abundant and provide a competitive cost advantage.</p>	<p>Funding Sources are sufficient and provide cost-effective liquidity</p>	<p>Funding sources and liability structures suggest current or potential difficulty in maintaining long-term and cost-effective liquidity.</p>	<p>The bank is highly liquid. As of 09/30/2020 the average life of investments is 3.23 years-effective duration is 1.69%. The bank has \$89.3 Million in FDIC Insured short term certificate of deposits with other financial institutions. Additionally there is \$21.7 million with the Federal Reserve.</p>
<p>Funding is widely diversified. There is little or no reliance on wholesale funding sources or other credit-sensitive funds providers.</p>	<p>Funding is generally diversified, with a few providers that may share common objectives and economic influences, but no significant concentrations. Modest reliance on wholesale funding may be evident.</p>	<p>Borrowing sources may be concentrated among a few providers or providers with common investment objectives or economic influences. Significant reliance on wholesale funds is evident.</p>	<p>No reliance on wholesale funding sources although the bank does have access to fed funds LOC and minimal public fund deposits. The bank has invested in other bank CDs obtained through QwikRate. The bank does not as a practice utilize FHLB advances or the Fed Discount window. The bank has no brokered deposits.</p>

Low	Moderate	High	Comments	
Market alternatives exceed demand for liquidity with no adverse changes expected.	Market alternatives are available to meet demand for liquidity at reasonable terms, costs, and tenors. Liquidity position is not expected to deteriorate in the near term.	Liquidity needs are increasing, but sources of market alternatives at reasonable terms, costs, and tenors are declining.	The bank is highly liquid. As of 09/30/2020 the average life of investments is 3.23 years-effective duration is 1.69%. The bank has \$89.3 Million in FDIC Insured short term certificate of deposits with other financial institutions. Additionally there is \$21.7 million with the Federal Reserve.	
Capacity to augment liquidity through asset sales and/or securitization is strong and the Bank has an established record in accessing these market, even in distressed conditions.	Bank has the potential capacity to augment liquidity through asset sales and/or securitization, but has little experience in accessing these markets. Distressed conditions could make this more problematic.	Bank exhibits little capacity or potential to augment liquidity through asset sales or securitization. Lack of experience accessing these markets or unfavorable reputation may make this option questionable, particularly in distressed conditions.	The bank has not needed to augment liquidity for a very long time. The bank has the ability to utilize asset sales and has in the past.	
Volume of wholesale liabilities with embedded options is low.	Some wholesale funds contain embedded options, but potential impact is not significant.	Material volumes of wholesale funds contain embedded options. The potential impact is significant.	The bank does not utilize brokered deposits or wholesale liabilities in general for funding.	
Bank is not vulnerable to funding difficulties should a material adverse change occur in market perception, even in distressed conditions.	Bank is not excessively vulnerable to funding difficulties should a material adverse change occur in market perception. Distressed conditions could make this more problematic.	Bank's liquidity profile makes it vulnerable to funding difficulties should a material adverse change occur, particularly in distressed conditions.	The bank has numerous LOCs which can be used.	
Parent company provides strong support.	Parent company provides adequate support.	Parent company provides little or unknown support.	First Northwest Florida Holding Company (S Corp) is financially strong and owns 100% of the stock of the bank its primary shareholder is also financially strong.	

The Quality of Liquidity Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
Board-approved policies effectively communicate guidelines for liquidity risk management and designate responsibility.	Board-approved policies adequately communicate guidance for liquidity risk management and assign responsibility. Minor weaknesses may be present.	Board-approved policies may not adequately communicate guidance regarding liquidity risk management or appropriately assign responsibility.	Board-approved policies are deficient in one or more material respects and fail to communicate guidance regarding liquidity risk management or assign responsibility.	The board reviews and approves policies annually. Specific responsibilities and guidelines are addressed.
Liquidity risk management process is effective in identifying, measuring, monitoring, and controlling liquidity risk. The process reflects a sound culture that has proven effective over time.	Liquidity risk management process is generally effective in identifying, measuring, monitoring, and controlling liquidity. There may be minor weaknesses given the risks undertaken and complexity of exposures, but these are easily corrected.	Liquidity risk management processes may not be adequate in identifying, measuring, monitoring, and controlling liquidity risk. There may be several areas of weakness given the risks undertaken and the complexity of exposures, although these weaknesses can be addressed in a timely manner.	Liquidity risk management process is ineffective in identifying, measuring, monitoring, and controlling liquidity risk. This may hold true in one or more material respects, given the risks undertaken and the complexity of exposures.	The ALCO & the board review reports. The executive management team meet as often as needed and communicate frequently .
Management fully understands all aspects of liquidity risk and incorporates all key aspects of liquidity risk into its overall risk management process. Management anticipates and responds well to changing market conditions.	Management reasonably understands the key aspects of liquidity risk and generally incorporates key aspects of liquidity risk into its overall risk management process. Management adequately responds to changes in market conditions.	Management has a marginally adequate understanding of key aspects of liquidity risk and may not adequately incorporate key aspects of liquidity risk into its overall risk management process. Management may not consistently and adequately respond to changes in market conditions.	Management does not understand, or chooses to ignore, key aspects of liquidity risk. Management does not anticipate or take timely or appropriate actions in response to changes in market conditions.	The ALCO reviews a monthly liquidity analysis, a monthly bond risk, a quarterly IRR, a quarterly sources & uses, a quarterly Contingency Funding Plan along with a myriad of other reports to monitor IRR.

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Contingency Funding Plan (CFP) is well-developed, effective and useful. The plan incorporates reasonable assumptions, scenarios, and crisis management planning, and is tailored to the Bank's needs. CFP clearly establishes strategies that address liquidity shortfalls in a distressed environment. Stress testing (including bank-specific and market-wide scenarios) is performed and is effective.</p>	<p>CFP is adequate. The plan is current, reasonably addresses most relevant issues, and contains an adequate level of detail including multiple scenario analysis. The plan may require minor refinement. CFP adequately establishes strategies that address liquidity shortfalls in a distressed environment but may require some minor changes. Stress testing is adequately performed but may require some enhancement.</p>	<p>CFP may need improvement because it may not be sufficiently current, may not reasonably address most relevant issues, may lack sufficient detail or scenario analyses, or may not adequately establish strategies addressing liquidity shortfalls in a stressed environment. Stress testing needs improvement.</p>	<p>CFP is inadequate or nonexistent. Plan may exist, but is not tailored to the institution, is not realistic, or is not properly implemented. The plan may not consider cost-effectiveness or availability of funds in a non-investment grade or CAMEL "3" environment. CFP does not establish or inadequately establishes strategies that address liquidity shortfalls in a distressed environment. Stress testing is not performed or is inadequately performed.</p>	<p>Contingency Funding Plan (CFP) is one provided by OCC examiners previously. The CFP has been tailored to the bank. The ALCO reviews the CFP results quarterly. The board reviews the policies annually.</p>
<p>Management Information Systems (MIS) focuses on significant issues and produce timely, accurate, complete, forward-looking, and meaningful information to enable effective management of liquidity, even in a distressed environment.</p>	<p>MIS adequately capture concentrations and rollover risk, and is timely, accurate, forward-looking, and complete, even in a distressed environment. Recommendations are minor and do not impact effectiveness.</p>	<p>MIS may not sufficiently capture concentrations and rollover risk or may not be sufficiently timely, accurate, forward-looking, and complete, particularly when considering a stressed environment.</p>	<p>MIS is deficient, particularly in a distressed environment. Material information may be missing or inaccurate, and reports are not meaningful.</p>	<p>Various reports are produced monthly, quarterly or as needed for management to monitor liquidity.</p>

Price Risk Assessment

Price risk is the risk to current or projected financial condition and resilience arising from changes in the value of either trading portfolios or other obligations that are entered into as part of distributing risk. These portfolios typically are subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk occurs most significantly from market-making, dealing, and position-taking in interest rate, foreign exchange, equity, commodities, and credit markets. (Updated 9/30/19)

Price risk also arises from bank activities whose value changes are reflected in the income statement, such as in lending pipelines, other real estate owned, and mortgage servicing rights. The risk to earnings or capital resulting from the conversion of a bank's financial statements from foreign currency translation also should be assessed under price risk. As with interest rate risk, many banks include price risk in the broader category of market risk. (Updated 9/30/19)

Completed by:

Angie Barger, Barbara McCullough, & Kim Johns

Date:

September 30, 2020

Quantity of Price Risk is:

Low	Moderate	High	Comments
			There are limited or no obligations entered into as part of distribution of risk. Exposure is limited as the bank has no trading portfolio, no swaps, derivatives or hedging. There is no foreign currency translation. There is no current exposure to OREO risk. The bank does not originate mortgage loans for resale.

Quality of Price Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				The bank does not participate in activities related to price risk. Management adequately responds to changes in market conditions and actively monitors market conditions.

Aggregate Price Risk is:

Low	Moderate	High	Comments
			The bank does not participate in activities related to price risk.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The bank does not participate in activities related to price risk.

Consider both the Quantity of Price Risk and the Quality of Price Risk Management

Price Risk Indicators

Quantity of Price Risk Indicators

The Quantity of Price Risk is:

Low	Moderate	High	Comments
<p>Exposures are primarily confined to those arising from customer transactions and involve liquid and readily manageable products, markets, and levels of activity. Bank does trades back-to-back for customers, taking no or negligible risk positions. No proprietary trading exists. Trading personnel merely execute customer orders. Financial performance has no vulnerability to volatility from revaluation requirements.</p>	<p>Trading positions exist only to position securities for sale to customers. No proprietary trading. Open positions are small and involve liquid instruments that allow for easy hedging. Limited trading exists in option-type products. Financial performance has limited vulnerability to volatility from revaluation requirements.</p>	<p>Trading activity includes proprietary transactions, with positions unrelated to customer activity. Exposures reflect open or unhedged positions, including illiquid instruments, options, and/or longer maturities, which subject financial performance to significant volatility from revaluation requirements.</p>	<p>There are limited or no obligations entered into as part of distribution of risk. Exposure is limited because the bank has no trading portfolio, no swaps, derivatives, or hedging. There is no foreign currency translation. There is no current exposure to OREO risk as there is currently only one OREO account. The bank does not originate mortgage loans for resale. Mortgage servicing is limited. We have six SBA 7A loans that we service. There are limited or no obligations entered into as part of distribution of risk.</p>
<p>Daily trading gains/losses do not occur, because bank takes no or negligible risk.</p>	<p>Daily trading gains/losses are small and occur infrequently. Quarterly trading losses do not occur because of limited risk appetite and emphasis on customer revenues.</p>	<p>Daily trading gains/losses occur periodically because the bank either does not have customer transaction revenue support, or takes positions that can create losses that eclipse customer revenues. Quarterly trading profits and losses can be large relative to budget and may occasionally result in a negative public perception.</p>	<p>The bank does not have foreign currency translations-No financial statement line items to be converted from foreign currency & therefore no foreign currency exchange/translation risk.</p>

Low	Moderate	High	Comments
Bank has a sales-driven culture, with sales personnel exercising greater authority than traders do.	Compensation programs reflect sales orientation, but do provide limited incentives for trading profits.	Compensation programs reward traders for generating trading profits, reflecting a trader- dominated operation.	N/A
Policy limits reflect no risk appetite for price risk. Customer sales activities pose no or negligible threat to financial performance.	Policy limits reflect limited risk appetite for price risk.	Policy limits reflect excessive risk appetite, with the bank willing to risk losses that can impact quarterly earnings and/or capital.	N/A
Bank has non-dollar-denominated positions that are completely hedged. Assets denominated in foreign currencies equal liabilities denominated in foreign currencies. Financial performance is not vulnerable to changes in foreign exchange rates.	Bank may have a small volume of unhedged, non-dollar-denominated positions, but it can readily hedge at a reasonable cost. There is limited vulnerability to changes in foreign currency exchange rates.	Exposure reflects a large volume of unhedged, non-dollar-denominated positions, or a smaller volume of unhedged positions in illiquid currencies for which hedging can be expensive. Changes in foreign currency exchange rates can adversely affect financial performance.	N/A
Bank has limited, or no, mortgage banking activities. The mortgage servicing asset, if any, is small relative to capital.	Bank is active in mortgage banking. The mortgage servicing asset is material relative to capital, and valuation adjustments can have a meaningful impact on financial performance.	Mortgage banking activities are a key business line for the bank. The mortgage servicing asset is large relative to capital, and valuation adjustments can be significant.	The bank has very limited mortgage servicing.
Bank has no current or limited exposure to OREO.	Bank has a modest amount of or exposure to OREO, but it is in property types or areas that are not expected to realize significant value changes that could negatively impact earnings.	Bank has a large amount of or exposure to OREO, which may be concentrated in property types or areas that may realize value changes that cause significant write-downs.	The bank has no current exposure to OREO.
Held-for-sale portfolios, if any, are small and pose minimal risk to earnings.	Bank carries a small held-for-sale loan portfolio as part of its business of distributing risk into the capital markets. Write-downs to this portfolio would not have a significant impact on earnings.	Originating and distributing loans into the capital markets is a key business line for the bank. Write- downs occasionally have, or are anticipated to have, a significant impact on earnings.	N/A

The Quality of Price Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Policies reflect board's risk appetite, and provide clear authorities, conservative limits, and assigned responsibilities. Policies permit risk-taking authority consistent with the expertise of bank personnel. Policies clearly and reasonably limit the volume of translation risk and assign responsibilities.</p>	<p>Policies provide generally clear authorities, reasonable limits, and assignment of responsibilities. Risk-taking authority is generally consistent with expertise of bank personnel. Policies address translation risk in a general way but may not provide specific management guidelines.</p>	<p>Policies require further clarification and more specific guidelines. Assignment of responsibilities may be incomplete. Risk-taking authority may not be consistent with expertise of bank personnel. Policies likely do not adequately address translation risk.</p>	<p>Policies do not reflect the risk appetite of the board. Policies do not clearly assign responsibilities. Risk-taking authority does not reflect the expertise of bank personnel. The bank does not have a policy addressing translation risk or policy limits are not reasonable given management expertise, the bank's capital position, and/or volume of assets and liabilities denominated in foreign currencies.</p>	<p>The bank does not participate in activities related to price risk. Management adequately responds to changes in market conditions and actively monitors market conditions.</p>
<p>Management has broad mortgage servicing rights experience and has established strong policy controls and risk limits. Policy exceptions are rare and properly approved. The bank has a robust, well- documented, and well-supported valuation process.</p>	<p>Management has sufficient mortgage servicing rights and hedging experience. Policies generally address key risk management practices. Exceptions to policies occasionally occur but are properly approved. The bank has an adequate valuation process.</p>	<p>Management may lack extensive mortgage servicing rights and hedging experience. Policies may address some, but not all, key risk management practices. Exceptions to policies occasionally occur and may not be consistently approved. The valuation process may not be well supported or well documented.</p>	<p>Management attention to mortgage servicing is not commensurate with the risk, or management lacks sufficient experience in hedging mortgage servicing rights exposures. Policies do not address key risk management practices; exceptions frequently occur and are not properly approved. The valuation process is inadequate and unreliable and may result in material misstatements.</p>	<p>The bank does not participate in activities related to price risk.</p>
<p>When the bank has OREO, management proactively obtains appraisals and takes any required write- downs on a timely basis. Management actively tries to sell OREO properties. Accounting for OREO expenses is appropriate and conforms to accounting guidance.</p>	<p>Management obtains appraisals, takes any required write-downs, and actively tries to sell OREO properties. Accounting for OREO expenses is appropriate. Minor exceptions or weaknesses may be present, but exceptions are not material or indicative of a pattern or practice.</p>	<p>Appraisals for OREO are occasionally out-of-date or of lower quality. Management's actions to sell OREO properties do not always demonstrate an active interest in timely disposition. Potential weaknesses exist in OREO accounting that may indicate a pattern or practice.</p>	<p>The quality of appraisals for OREO properties is questionable and/or the appraisals are significantly out-of-date. Management does not actively try to sell OREO properties (e.g., the bank may list the property for sale at an inflated price). Accounting for OREO expenses is not appropriate and may result in material inaccuracies.</p>	<p>The bank has no current exposure to OREO risk.</p>
<p>Policies and controls for trading or available-for- sale assets effectively limit risk. Exceptions to policy are quickly identified and promptly raised to appropriate levels of management.</p>	<p>Policies and controls for trading or available-for- sale assets are generally effective. Policy exceptions are typically identified but may not be raised to appropriate levels of management on a timely basis.</p>	<p>Policies and controls for trading or available-for- sale assets show moderate weaknesses and may require improvement. Policy exceptions are not always identified and/or may not be raised to appropriate levels of management.</p>	<p>The bank lacks effective controls on trading or available-for-sale assets. Policy exceptions are not identified and are not raised to appropriate levels of management.</p>	<p>The bank does not participate in activities related to price risk.</p>

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Management effectively understands, measures, and has technical expertise in managing translation risk. Management and the board regularly review currency translation risk exposures and direct changes, if necessary, given market conditions and the size of the exposure.</p>	<p>Management has a reasonable understanding of translation risk and how to measure and hedge it. Management and the board regularly review translation risk exposures but generally do not direct changes even in unsettled markets.</p>	<p>Management has some understanding of translation risk but may not measure and hedge it appropriately. Management and the board only periodically review translation risk exposures and generally do not direct changes</p>	<p>Management does not demonstrate an understanding of translation risk, and does not have the ability to manage it effectively. Neither management nor the board is aware of the magnitude of translation risk or does not review reports outlining translation risks.</p>	<p>The bank does not participate in activities related to price risk.</p>
<p>Trading and sales personnel have broad experience in the products traded, are technically competent, and are comfortable with the bank's culture. Risk management personnel have an in-depth understanding of risk and risk management principles. Policy exceptions are rare, and formal procedures exist to report how/why they occurred and how they were resolved.</p>	<p>Trading and sales personnel are generally experienced and technically competent. Risk management personnel, if the bank has such a unit, have a reasonable understanding of risk and risk management principles. Policy exceptions occur occasionally, but the bank has a process to report them and track resolution.</p>	<p>Trading and sales personnel have some experience but may demonstrate modest weaknesses in technical competency. Risk management staff require a better understanding of risk and risk management principles given the bank's complexity and risk profile. Policy exceptions are moderate, and the bank may not have a formal process to report them and track resolution.</p>	<p>Trading and sales personnel do not have broad experience in the products they trade. A risk management unit does not exist or is not independent and staffed by personnel familiar with risk management principles. Policy exceptions regularly occur or are not reported or tracked for resolution.</p>	<p>The bank does not participate in activities related to price risk.</p>
<p>Management reports are prepared independently of the trading desk and provide a comprehensive and accurate summary of trading activities. Reports are timely, assess compliance with policy limits, and measure loss potential in both normal (e.g., value at risk) and stressed markets. Management at all levels understands and monitors price risk.</p>	<p>Management reports are prepared independently of the trading desk and provide a general summary of trading activities. Reports are timely but may not fully assess loss potential. Trading unit management reviews risk reports, and management at higher levels has a sufficient understanding to review trading activities regularly, though possibly not in depth.</p>	<p>Management reports may not be prepared independently of the trading desk. Reports may not provide a sufficient summary of trading activities, are not always timely, and may not fully assess loss potential. Trading unit management reviews risk reports, but management at higher levels may lack the understanding to review trading activities on a frequent basis and in depth.</p>	<p>Management reports are not independent of the trading desk, do not provide risk-focused information, and may not be prepared regularly. Higher-level managers do not understand price risk and do not review risk management reports.</p>	<p>The bank does not participate in activities related to price risk.</p>
<p>Price risk monitoring, valuation, and control functions are independent from the business unit.</p>	<p>Price risk monitoring and control functions exist but may not have complete independence from the business unit.</p>	<p>Price risk monitoring and control functions may not be adequate and may lack independence from the business unit.</p>	<p>Price risk control functions do not exist or are not independent from the business unit. Trading positions are frequently valued on trader prices, with limited independent verification.</p>	<p>The bank does not participate in activities related to price risk.</p>

Operational Risk Assessment

Operational risk is the risk to current or projected financial condition and resilience arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Operational losses result from internal fraud; external fraud; inadequate or inappropriate employment practices and workplace safety; failure to meet professional obligations involving clients, products, and business practices; damage to physical assets; business disruption and systems failures; and failures in execution, delivery, and process management. Operational losses do not include opportunity costs, forgone revenue, or costs related to risk management and control enhancements implemented to prevent future operational losses. (Updated 9/30/2019)

The quantity of operational risk and the quality of operational risk management are heavily influenced by the quality and effectiveness of a bank's system of internal control. The quality of the audit function, although independent of operational risk management, also is a key assessment factor. Audit can affect the operating performance of a bank by helping to identify and validate correction of weaknesses in risk management or controls. The quality of due diligence, risk management of third-party relationships, business continuity planning, and controls protecting the confidentiality, integrity, and availability of bank information are other key assessment factors for mitigating operational risk.

Completed by: Brent Brown, Information Security & Cyber Officer & Denise Bunes, Internal Auditor/Compliance Officer

9/30/2020

Quantity of Operational Risk is:

Low	Moderate	High	Comments
			After the bank's core conversion in February 2017, the quantity of risk is moderate. New vendors continue to require monitoring, disaster recovery processes need to be addressed.

Quality of Operational Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				In recent years, the bank has experienced more employee turnover than usual largely due to displaced employees after Hurricane Michael. Procedures are in place to maintain a strong risk management profile.

Aggregate Transaction Risk is:

Low	Moderate	High	Comments
			The aggregate risk from transaction activity is low . The bank is a small community bank serving well-established customers with minimal moderate to high risk products. Due diligence procedures are in place for customers and vendors. Vendors deemed critical to services are monitored regularly.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			Management ensures policies, procedures, and internal controls are followed. Management contracts with several external audit firms to strengthen the audit process. Meanwhile, the bank began offering new higher risk products in February 2017 and added several new vendors and terminated long-standing vendors. Vendors are monitored regularly. All services, products, notices & disclosures have been reviewed several times by external reviews and examiners.

The Quantity of Transaction Risk is:

Low	Moderate	High	Comments
Exposure to risk from fraud, errors, or processing disruptions is minimal given the volume of transactions, complexity of products and services, and state of internal systems. Risk to financial performance is negligible.	Exposure to risk from fraud, errors, or processing disruptions is modest given the volume of transactions, complexity of products and services, and state of internal systems. Deficiencies that have potential impact on earnings or capital can be addressed in the normal course of business.	Exposure to risk from fraud, errors, or processing disruptions is significant given the volume of transactions, complexity of products and services, and state of internal systems. Deficiencies exist that represent significant risk to financial performance.	The bank is a small community bank that serves a well-established account base. Products and services are non-complex. Highest risk products are ACH, fund transfers, online/mobile banking and debit cards. Debit card and check fraud is on the rise. As of September 30, 2020 the actual and pending fraud balance stands at \$1,848.64. Fraud year-to-date losses for year 2019 was \$45,819.03. Highest risk services are wires, online/mobile banking and debit cards. Online banking customers are provided multi-authentication factors to mitigate risk. Cash management customers are provided one-time passwords as an added safety factor. Debit card accounts have been restricted to no International transactions, with the exception of Canada. On September 27th, management notified customers the bank would no longer accept CASHAPP transactions as of October 30th, 2020 due to increased fraudulent activity.
Risks from transaction-processing failures, technology changes, outsourcing, planned conversions, merger integration, or new products and services are minimal.	Risks from transaction-processing failures, technology changes, outsourcing, planned conversions, merger integration, or new products and services are moderate.	Risks from transaction-processing failures, technology changes, outsourcing, planned conversions, merger integration, or new products and services are high.	The bank has new third-party service providers after core conversion in February 2017. Due diligence is completed on all proposed new vendors, products and third-party providers are risk-rated. The on-going process of monitoring required documents is shared by the ISO and Compliance Officer. Compliance Dept. created a tickler system using Microsoft Outlook Calendar to ensure vendor due diligence was performed as needed.
Volume of operational losses is minimal.	Volume of operational losses is moderate.	Volume of operational losses is high.	Fraud increased from 2017 (\$3,919,21 YTD) to 2018 (\$164,633.80) and 2019 \$45,819.03). Email fraud in 2018 totaled \$139,460. New procedures were implemented to reduce risk. Assigned officer must contact customer to ensure the legitimacy of email. Recoveries for 2019 totaled: \$9,140.42. Actual fraud loss for 2020 Y-T-D is \$559.00. New procedures implemented have decreased loss to the bank.
Volume of fraud and intrusions/attacks is minimal.	Volume of fraud and intrusions/attacks is moderate.	Volume of fraud and intrusions/attacks is high.	There have been zero intrusions past the bank's firewall.
Employee turnover is low and has not affected any mission critical areas.	Employee turnover is moderate, but effect on mission critical areas is limited.	Employee turnover is excessive and has severely affected key areas of operations.	The history of frontline employee turnover is low; however, the bank lost several frontline employees due to hurricane damage in the fall of 2018, as well as, several terminations and resignations. Officers have a low turnover history. Several retirees or resignations have not affected critical areas. Since January 2019, the bank has hired 1 officer and 13 frontline personnel with 10 frontline terminations and 1 officer.
Number of third-party servicer providers is low.	Number of third-party servicer providers is moderate.	Number of third-party servicer providers is high.	The bank currently outsources a large portion of its services, including, its core processing, Internet banking, remote deposit capture, loan systems, patch management and firewall monitoring services to various vendors. Vendors risk-rated as urgent to services are closely monitored. The number of vendors was reduced by two with the core conversion.
Level of insurance bond claims is low.	Level of insurance bond claims is moderate.	Level of insurance bond claims is high.	There have been no bond claims filed in the last several years.

The Quality of Transaction Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Governance activities are sound. Directors are qualified, appropriately compensated, ethical, and provide effective oversight. Corporate roles are clear, goals are effectively communicated, and disclosure is transparent.</p>	<p>Governance activities are satisfactory. Directors are qualified, appropriately compensated and ethical. Oversight provided is adequate but may have subtle weaknesses. Corporate goals and responsibilities may be clear but are not fully communicated. Disclosure is adequate.</p>	<p>Governance activities need improvement. Corporate structure may not be adequately defined or communicated. Directors' qualifications, ethical standards, or compensation may be questionable. Oversight may need improvement. Disclosures may contain inaccuracies.</p>	<p>Governance activities are deficient. Corporate structure is not defined or communicated. Directors' qualifications, ethical standards, or compensation are highly questionable. Oversight is inadequate or ineffective. Disclosure is inaccurate and process is significantly flawed.</p>	<p>Governance activities are monitored by committees and notated in minutes. All directors have been on the board for over 15 years with the exception of one well-established business customer who was elected to the Board in January of 2016 and the election of the COO/CCO in 2017.</p>
<p>Management has developed a comprehensive and effective internal control environment. A commitment to internal controls is evident and well disseminated throughout the enterprise. Board oversight is strong. Integrity of control systems is tested on a regular basis.</p>	<p>Control environment is appropriate for the size and sophistication of the institution. Commitment to internal controls is evident but may not be well disseminated. Structure may not be fully communicated across the organization. Board oversight/control culture is considered effective, although modest weaknesses may be present. Control integrity is tested on a periodic basis.</p>	<p>Control environment needs improvement given the size and sophistication of the institution. Commitment to internal controls may not be readily evident or well disseminated. Structure may not be well communicated or understood throughout the organization. Board oversight needs improvement, as weaknesses may be present. Control integrity testing may not be performed with sufficient consistency.</p>	<p>Control environment is deficient. Findings indicate a lack of awareness, commitment and/or focus on the importance of effective and appropriate internal controls. Board oversight is ineffective. Volume and severity of control exceptions are high. Exposure to potential or realized losses from key operational areas may be present. Control integrity testing is nonexistent or is performed inconsistently.</p>	<p>Each job position has an internal control risk assessment of jobs performed and what controls are in place so that there is not a transaction that is performed from start to finish by one employee (these were updated after conversion). Board oversight is considered strong. The board receives detailed reports and minutes from committees managing bank risk on a day-to-day basis. Control systems are tested annually. Auditor reviews tests annually in the business continuity audit.</p>
<p>Management anticipates and responds effectively to risks associated with operational changes, emerging/changing technologies, and external threats.</p>	<p>Management adequately responds to risks associated with operational changes, emerging/changing technologies, and external threats.</p>	<p>Management may not adequately or consistently respond to risks associated with operational changes, emerging/changing technologies, and external threats.</p>	<p>Management does not take timely and appropriate actions to respond to operational changes, emerging/changing technologies, and external threats.</p>	<p>Management anticipates and responds well to operational changes, systems development and emerging technologies. Management consistently keeps board abreast of all bank activities with detailed reporting.</p>
<p>Management fully understands operational risks and has expertise to evaluate key technology-related issues.</p>	<p>Management reasonably understands operational risks and has sufficient expertise to evaluate key technology-related issues.</p>	<p>Management may not adequately understand operational risks and may lack adequate expertise to evaluate key technology-related issues.</p>	<p>Management does not understand, or has chosen to ignore, key aspects of operational risk. Expertise to evaluate key technology-related issues is insufficient.</p>	<p>Management has the expertise to fully understand operational risks. The bank has resources for any issues that may arise.</p>
<p>New/nontraditional product development and implementation is well managed with low risk exposure.</p>	<p>New/nontraditional product development and implementation is adequately managed, with some weaknesses and risk exposure evident.</p>	<p>New/nontraditional product development and implementation needs improvement, with weaknesses and elevated risk exposure.</p>	<p>New/nontraditional product development and implementation is inadequately managed, with significant weaknesses and high risk exposure.</p>	<p>The bank has a conservative history of low-risk products. Any new products are thoroughly investigated, risk assessed, vendors investigated and board-approved and monitored on an on-going basis.</p>

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Third-party risk management activities are sound. Risk exposure is well managed. Management comprehensively provides for continuity and reliability of services furnished by third parties.</p>	<p>Third party risk management activities are satisfactory but may contain modest weaknesses. Risk exposure is satisfactorily managed. Management adequately provides for continuity and reliability of services furnished by third parties.</p>	<p>Third party risk management activities need improvement. Risk exposure may not be adequately managed. Management may not adequately provide for continuity and reliability of services furnished by third parties.</p>	<p>Third party risk management activities are severely limited or nonexistent. Risk exposure is inadequately managed. Management has not provided for continuity and reliability of services furnished by third parties.</p>	<p>Urgent vendors are monitored more closely than vendors categorized as less important. Urgent vendor documentation is current. The process has become more efficient in the past year with a Microsoft Outlook Calendar tickler system.</p>
<p>Controls to safeguard physical assets, data, and personnel are comprehensive and effective in appropriately mitigating risks. Information security program is comprehensive, effective, and tested on a regular basis. Procedures to identify and report potential data losses are effective. Privacy practices are sound.</p>	<p>Controls to safeguard physical assets, data, and personnel are satisfactory but may have modest weaknesses. Information security program is acceptable overall but may require minor enhancement and/or more frequent testing to be fully comprehensive and effective. Procedures to identify and report potential data losses are satisfactory. Privacy practices are satisfactory.</p>	<p>Controls to safeguard physical assets, data, and personnel may not be adequate. Information security program may need substantive improvements. Procedures to identify and report potential data losses may need improvement. Privacy practices may need improvement.</p>	<p>Controls to safeguard physical assets, data, and personnel are deficient or nonexistent. Information security program is significantly flawed, incomplete, and/or inadequate. Annual testing and/or reporting have not occurred and procedures to identify and report potential data losses are absent. Privacy practices are inadequate.</p>	<p>Internal controls to safeguard assets and data are effective and assessed on at least an annual basis. All depts assess their areas and compile the Information Security Program Annual Report to the Board of Directors to be submitted in July each year. Privacy practices are sound. Disclosures are provided per regulation guidelines, and there have not been any right to financial privacy violations in several audits.</p>
<p>Processes and systems to monitor, track, and categorize operating losses are sound.</p>	<p>Processes and systems to monitor, track, and categorize operating losses are satisfactory but may contain modest weaknesses.</p>	<p>Processes and systems to monitor, track, and categorize operating losses need improvement.</p>	<p>Processes and systems to monitor, track, and categorize operating losses are weak or nonexistent.</p>	<p>The operations dept. has sufficient resources to monitor, track, and categorize to report operating losses. Losses are reported to the board quarterly, or more frequently if needed. Actual fraud losses YTD for 2020 is \$559.00.</p>
<p>MIS provides appropriate monitoring of transaction volumes, error reporting, fraud, suspicious activity, security violations, etc. MIS is accurate, timely, complete and reliable.</p>	<p>MIS for transaction processing is adequate, although moderate weaknesses may exist.</p>	<p>MIS for transaction processing needs improvement.</p>	<p>MIS for transaction processing is unsatisfactory and inadequate and exhibits significant weaknesses or may not exist.</p>	<p>All system information is stored for easy extraction. Shazam/Cardinal provides formatted stored reports for transaction volume, errors, exceptions, etc. Gatekeeper provides information for suspicious activity.</p>
<p>Insurance coverage is sufficient and policies are current. An effective process for provider/agent selection and monitoring is present and overall coverage adequacy is reviewed at least annually.</p>	<p>Insurance coverage is sufficient and policies are current. Provider/agent selection process is acceptable and ongoing monitoring is limited. Coverage adequacy is reviewed on a periodic basis.</p>	<p>Insurance coverage may not be adequate in consideration of the exposures present. Tracking procedures may have allowed some policies to lapse and may need improvement. Due diligence programs for provider/agent selection and/or ongoing monitoring may need improvement.</p>	<p>Insurance coverage is insufficient for the exposure present. Inadequate tracking procedures have allowed policies to lapse. Due diligence programs for provider/agent selection and/or ongoing monitoring are inadequate, flawed, or ineffective.</p>	<p>The Memo of Insurance is presented at least annually to the board of directors for their review. Updated information is provided frequently.</p>

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Audit coverage is strong. Audit activities are frequent and ongoing and address all key areas of operations. Audit function is fully independent and competent, and scope is comprehensive. Risk assessment is effective and current. Follow-up and correction of deficiencies is proactive and effective. Repeat issues are rare or nonexistent. Board oversight is effective.</p>	<p>Audit coverage is satisfactory. Function is fully independent and competent, but scope may be limited. Risk assessment is acceptable overall but may be missing substance in some areas or require updating. Follow-up and correction of deficiencies is adequate but with moderate weaknesses noted therein. Repeat issues are few. Board oversight is adequate.</p>	<p>Audit coverage needs improvement. Independence may be impaired. Competency may be questionable. And scope may be limited. Risk assessment may need improvement. Follow-up and correction of deficiencies may be inconsistent, and several repeat issues may be found. Board oversight may need improvement.</p>	<p>Audit coverage is inadequate. Independence is impaired. Competency is questionable. Scope is inappropriate. Risk assessment is ineffective or nonexistent. Follow-up and correction of deficiencies is highly inconsistent. Repeat issues are numerous. Board oversight is limited, and ability to self police is impaired.</p>	<p>Auditor completes a full audit schedule for board approval annually. She is independent from other day-to-day operations. Any exceptions found during audits are reported to the board and monitored until corrected.</p>

Compliance Risk Assessment

Completed by: Denise Bunes, Compliance Officer

Date: 9/30/20

Compliance risk is the current and projected financial condition and resilience arising from violations of laws or regulations, or from nonconformance with prescribed practices, internal policies, and procedures, or ethical standards. This risk exposes the institution to fines, civil money penalties, payment of damages, and the voiding of contracts. Compliance risk can result in diminished reputation, harm to bank customers, limited business opportunities, and lessened expansion potential. (Updated 9/30/19)

Compliance risk is not limited to risk from failure to comply with consumer protection-related laws and regulations; it encompasses the risk of noncompliance with *all* laws and regulations, as well as prudent ethical standards and contractual obligations. It also includes the exposure to litigation (known as legal risk) from all aspects of banking, traditional and nontraditional.

Quantity of Compliance Risk is:

Low	Moderate	High	Comments
			New regulations decreased after the Dodd-Frank and TRID implementation; however, implementation dates are still on the horizon. Current Expected Credit Losses (CECL) implementation for community banks was delayed from Jan. 1, 2021 until Jan. 1, 2023.

Quality of Compliance Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				Compliance Officer has the necessary tools to keep abreast of all regulation and policy changes.

Aggregate Compliance Risk is:

Low	Moderate	High	Comments
			The aggregate risk from compliance activities is <i>moderate</i> with the ever-changing regulations the past few years; meanwhile, the compliance department has policy and compliance resources to stay abreast of new regulations, timeframes, guidelines, policies and procedures.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			Compliance risk has leveled off after the implementation of new Reg Z, appraisal, flood and TRID regulations; meanwhile, the compliance department is provided the resources to assist with managing regulations and its prior history of external audits and OCC examinations; therefore, the direction of risk is expected to be Stable with compliance tools in place.

Consider both the Quantity of Compliance Risk and the Quality of Compliance Risk Management

The Quantity of Compliance Risk is:

Low	Moderate	High	Comments
Violations or compliance program weaknesses are insignificant in number or do not exist.	Violations or compliance program weaknesses exist and represent technical issues with some reimbursement to consumers that are resolved in a timely manner.	Violations or compliance program weaknesses are significant in number, resulting in large consumer reimbursements or regulatory fines and penalties.	Internal and External Audit Findings: 2020 YTD: No Findings 37% Low Risk 56% Moderate 21% 2019: No Findings 21% Low Risk 36% Moderate Risk 41% High Risk 2% 2018: No Findings 23% Low Risk 28% Moderate Risk 49%
No e-banking or the Web site is informational or nontransactional.	Bank is beginning e-banking and offers limited products and services.	Bank offers a wide array of e- banking products and services (e.g., account transfers, e-bill payments or accounts opened via the Internet).	The Bank began offering online banking in 2012. Services provided: account transfers, bill pay, cash management for established business accounts. The bank began offering several new services with a core conversion in February 2017: 1) picture pay 2) person-to-person transfers (P2P) and 3) mobile deposit.
All loans are originated in-house with no broker or third-party relationships.	Low volume of consumer and business loans are originated by local brokers or other third parties.	High volume of consumer or business loans is originated by multiple statewide or nationwide brokers or other third parties.	The majority of bank loans are originated in-house. The bank has signed an agreement with Crescent Mortgage and First Bank for residential mortgages but volume is minimal of these loans due to their stringent underwriting guidelines. Loan volume with broker was expected to increase with an agreement with a local business but has not materialized.
Limited/no marketing or advertising of products and services.	Limited marketing or advertising practices commensurate with strategic focus.	Marketing and advertising of new products offered through multiple of channels (branch network, Internet, direct mail, solicitations, etc.).	The bank has increased their commercial advertising campaign in recent years. The majority of the bank's advertisements are charity sponsorships. Advertising is increasing with the appointment of a new marketing officer. Several lending ad campaigns were mailed in the past 3 years to funeral homes, assisted living facilities, RV Parks and restaurants, auto repair, churches, liquor stores and storage warehouses. All advertising is reviewed & approved by the CEO and Compliance Officer before publishing.
Bank offers traditional mix of noncomplex lending, investment, and deposit products.	Bank offers traditional investment and deposit products and a mix of traditional and complex lending products.	Bank offers a broad array of traditional and complex lending, investment, and deposit products.	The bank has history of being a very conservative bank offering basic deposit products and largely commercial secured loans.

Low	Moderate	High	Comments
Bank offers products and services to local market/service area.	Bank offers products and services to regional market/service area.	Bank offers products and services to national market/service area.	The bank provides products & services mainly in the bank's MSA. Out of town customers are generally seasonal or prior relationships from Ft. Walton branch customers.
Financial institution competition within its marketplace is minimal.	Financial institution competition within its marketplace is considerable.	Financial institution competition within its marketplace is significant and may include large national and international companies.	Bay County has large bank & credit union competition. FBNWFL is the only local chartered bank in Bay County, all others are headquartered out of town or out of state.
Volume of products and services offered is reasonable considering its financial strength and capability, and growth is stable.	Volume of products and services offered is increasing considering its financial strength and capability, and growth is steady.	Volume of products and services offered is outpacing its financial strength and capability, and growth is unstable.	The bank is conservative with products offered due to the small nature and size of the bank. The bank began to offer more products in recent years, such as, debit cards and online banking. The bank implemented picture pay and person-to-person transfers, mobile banking, and an Ad-Hoc overdraft limit courtesy protection in February and March of 2017.
Bank has few offices, some automated teller machines (ATM) and centralized operations.	Bank has statewide branching and ATM network with decentralized operations.	Bank has regional or national branching and ATM network with decentralized operations.	The bank has a main office branch and a small branch in Panama City Beach. Each branch has one ATM.
Volume of consumer complaints is minimal.	Volume of consumer complaints is moderate.	Volume of consumer complaints is high.	The bank does not have any consumer complaints on file.

The Quality of Compliance Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
Board has adopted compliance risk management policies that are consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that are generally consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that may not be consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that are inconsistent with business strategies and risk appetite.	The Board of Directors has adopted a Compliance Program and policies that are consistent with the bank's size and risk appetite. Compliance Report is presented to the board monthly.
Management fully understands all aspects of compliance risk and exhibits clear commitment to compliance. Commitment is communicated throughout the bank.	Management reasonably understands the key aspects of compliance risk. Commitment to compliance is reasonable and satisfactorily communicated throughout the bank.	Management may not understand or appreciate the key aspects of compliance risk. Commitment to compliance may not be evident or adequately communicated throughout the bank.	Management does not understand or has chosen to ignore key aspects of compliance risk. Importance of compliance is not emphasized or communicated throughout the bank.	The current President & CEO has taken a proactive response to the Compliance Officer's recommendations for the compliance dept. to keep abreast of ever-changing regulations and policies.
Authority and accountability are clearly defined and enforced.	Authority and accountability are defined, although some refinements may be needed.	Authority and accountability may not be defined or adequately enforced.	Management has not established or enforced accountability.	Compliance Officer does not have authority to implement since she is also the independent auditor. She updates department managers with any regulation and policy updates required for the department supervisors to change their department policies and implement new procedures.
Management anticipates and responds well to market, technological, or regulatory changes.	Management adequately responds to market, technological, or regulatory changes.	Management may not consistently or adequately anticipate and respond to market, technological, or regulatory changes.	Management does not anticipate or take timely or appropriate actions in response to market, technological, or regulatory changes.	Management adequately anticipates & responds to changes within the market, technology and regulation changes. Adequate resources keep compliance responsive to changes.
Compliance considerations are incorporated into product/system development and modification processes, including changes made by third parties.	Compliance is generally considered when developing products and systems; issues are addressed before they are fully implemented.	Compliance considerations may not adequately or consistently be incorporated into product and system development.	Compliance considerations are not incorporated into product and system development.	Meetings and risk assessments are conducted before any new vendors are procured. Major new vendors and contracts are approved by the Board of Directors.

Strong	Satisfactory	Insufficient	Weak	Comments
Control systems effectively identify violations or compliance system weaknesses, and corrective action is prompt and reasonable.	Control systems are adequate for identifying violations or compliance system weaknesses but not always in a timely manner. Management is usually responsive and corrective action is generally timely.	Control systems need improvement for identifying violations or compliance system weaknesses and may not consistently identify weaknesses. Management may fail to respond and implement corrective actions in a timely manner.	Control systems are ineffective in identifying violations and compliance system weaknesses. Management is unresponsive; corrective action is weak.	Internal Auditor maintains an Audit Findings Tracker Tool which is submitted to board quarterly. Various department managers respond and correct any issues or violations found during audits expeditiously.
Management provides effective resources/training programs to appropriate personnel.	Management provides adequate resources/training, given the complexity of products/operations.	Management may not provide adequate resources or training, given the complexity of products/operations.	Management does not provide resources or training.	Management provides online compliance training to all employees. Required external or bank-specific training, as well as, online training pertinent to job roles are assigned annually. Additional training is provided on an as needed basis.
Bank has a strong record of compliance. Considering the scope and complexity of its operations and structure, compliance risk management systems are sound and minimize the likelihood of significant or frequent violations or instances of noncompliance.	Bank has a satisfactory record of compliance. Considering scope and complexity of operations and structure, compliance risk management systems are adequate to avoid significant or frequent violations or instances of noncompliance.	Bank's record of compliance needs improvement. Considering the scope and complexity of operations and structure, compliance risk management systems may reflect a lack of sufficient commitment to risk management.	Bank has an unsatisfactory record of compliance. Considering scope and complexity of operations and structure, compliance risk management systems are deficient, reflecting inadequate commitment to risk management.	Bank has a history of strong compliance according to internal audits, external audits, and OCC examinations.
Bank has a strong record of acting on and monitoring consumer complaints.	Bank has a satisfactory record of acting on and monitoring consumer complaints.	Bank has an insufficient record of acting on and monitoring consumer complaints.	Bank has a weak record of acting on and monitoring consumer complaints.	The bank does not have a history of any consumer complaints.

The Quality of Compliance Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
Board has adopted compliance risk management policies that are consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that are generally consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that may not be consistent with business strategies and risk appetite.	Board has adopted compliance risk management policies that are inconsistent with business strategies and risk appetite.	The Board of Directors has adopted a Compliance Program and policies that are consistent with the bank's size and risk appetite. Compliance Report is presented to the board monthly.
Management fully understands all aspects of compliance risk and exhibits clear commitment to compliance. Commitment is communicated throughout the bank.	Management reasonably understands the key aspects of compliance risk. Commitment to compliance is reasonable and satisfactorily communicated throughout the bank.	Management may not understand or appreciate the key aspects of compliance risk. Commitment to compliance may not be evident or adequately communicated throughout the bank.	Management does not understand or has chosen to ignore key aspects of compliance risk. Importance of compliance is not emphasized or communicated throughout the bank.	The current President & CEO has taken a proactive response to the Compliance Officer's recommendations for the compliance dept. to keep abreast of ever-changing regulations and policies.
Authority and accountability are clearly defined and enforced.	Authority and accountability are defined, although some refinements may be needed.	Authority and accountability may not be defined or adequately enforced.	Management has not established or enforced accountability.	Compliance Officer does not have authority to implement since she is also the independent auditor. She updates department managers with any regulation and policy updates required for the department supervisors to change their department policies and implement new procedures.
Management anticipates and responds well to market, technological, or regulatory changes.	Management adequately responds to market, technological, or regulatory changes.	Management may not consistently or adequately anticipate and respond to market, technological, or regulatory changes.	Management does not anticipate or take timely or appropriate actions in response to market, technological, or regulatory changes.	Management adequately anticipates & responds to changes within the market, technology and regulation changes. Adequate resources keep compliance responsive to changes.
Compliance considerations are incorporated into product/system development and modification processes, including changes made by third parties.	Compliance is generally considered when developing products and systems; issues are addressed before they are fully implemented.	Compliance considerations may not adequately or consistently be incorporated into product and system development.	Compliance considerations are not incorporated into product and system development.	Meetings and risk assessments are conducted before any new vendors are procured. Major new vendors and contracts are approved by the Board of Directors.

Strong	Satisfactory	Insufficient	Weak	Comments
Control systems effectively identify violations or compliance system weaknesses, and corrective action is prompt and reasonable.	Control systems are adequate for identifying violations or compliance system weaknesses but not always in a timely manner. Management is usually responsive and corrective action is generally timely.	Control systems need improvement for identifying violations or compliance system weaknesses and may not consistently identify weaknesses. Management may fail to respond and implement corrective actions in a timely manner.	Control systems are ineffective in identifying violations and compliance system weaknesses. Management is unresponsive; corrective action is weak.	Internal Auditor maintains an Audit Findings Tracker Tool which is submitted to board quarterly. Various department managers respond and correct any issues or violations found during audits expeditiously.
Management provides effective resources/training programs to appropriate personnel.	Management provides adequate resources/training, given the complexity of products/operations.	Management may not provide adequate resources or training, given the complexity of products/operations.	Management does not provide resources or training.	Management provides online compliance training to all employees. Required external or bank-specific training, as well as, online training pertinent to job roles are assigned annually. Additional training is provided on an as needed basis.
Bank has a strong record of compliance. Considering the scope and complexity of its operations and structure, compliance risk management systems are sound and minimize the likelihood of significant or frequent violations or instances of noncompliance.	Bank has a satisfactory record of compliance. Considering scope and complexity of operations and structure, compliance risk management systems are adequate to avoid significant or frequent violations or instances of noncompliance.	Bank's record of compliance needs improvement. Considering the scope and complexity of operations and structure, compliance risk management systems may reflect a lack of sufficient commitment to risk management.	Bank has an unsatisfactory record of compliance. Considering scope and complexity of operations and structure, compliance risk management systems are deficient, reflecting inadequate commitment to risk management.	Bank has a history of strong compliance according to internal audits, external audits, and OCC examinations.
Bank has a strong record of acting on and monitoring consumer complaints.	Bank has a satisfactory record of acting on and monitoring consumer complaints.	Bank has an insufficient record of acting on and monitoring consumer complaints.	Bank has a weak record of acting on and monitoring consumer complaints.	The bank does not have a history of any consumer complaints.

Strategic Risk Assessment

Strategic risk is the risk to current or projected financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to industry changes in the banking industry and operating environment. This risk is a function of a bank's strategic goals, business strategies, resources, and quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. (Updated 9/30/19)

The assessment of strategic risk includes more than an analysis of a bank's written strategic plan. It focuses on opportunity costs and how plans, systems, and implementation affect the bank's financial condition and resilience. It also incorporates how management analyzes external factors, such as, economic, technological, competitive, regulatory, and other environmental changes, that affect the bank's strategic direction. Updated 9/30/19)

Completed by: Angie Barger, Barbara McCullough, & Kim Johns

Date: 9/30/20

Quantity of Strategic Risk is:

Low	Moderate	High	Comments
			The current management team has proven their ability to make effective decisions. The recent core conversion has enhanced the competitive ability of the bank especially in the area of technological services now offered. Policies and procedures are updated as needed.

Quality of Strategic Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				The executive management team works closely together on a day-to-day basis and are fully involved in daily activities of the bank. Decision making is pro-active not reactive. Due diligence processes and Board involvement are strong.

Aggregate Strategic Risk is:

Low	Moderate	High	Comments
			Bank management operates a conservative business model. This trend will continue.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The bank moved to a new core processor in 2017, overall, we believe this direction is an improvement in systems for both customers & employees. The risk is stable.

Strategic Risk Assessment

Strategic risk is the risk to current or projected financial condition and resilience arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to industry changes in the banking industry and operating environment. This risk is a function of a bank's strategic goals, business strategies, resources, and quality of implementation. The resources needed to carry out business strategies are both tangible and intangible. They include communication channels, operating systems, delivery networks, and managerial capacities and capabilities. (Updated 9/30/19)

The assessment of strategic risk includes more than an analysis of a bank's written strategic plan. It focuses on opportunity costs and how plans, systems, and implementation affect the bank's financial condition and resilience. It also incorporates how management analyzes external factors, such as, economic, technological, competitive, regulatory, and other environmental changes, that affect the bank's strategic direction. Updated 9/30/19)

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				The executive management team works closely together on a day-to-day basis and are fully involved in daily activities of the bank. Decision making is pro-active not reactive. Due diligence processes and Board involvement are strong.

Aggregate Strategic Risk is:

Low	Moderate	High	Comments
			Bank management operates a conservative business model. This trend will continue.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The bank moved to a new core processor in 2017, overall, we believe this direction is an improvement in systems for both customers & employees. The risk is stable.

Strategic Risk Indicators

Quantity of Strategic Risk Indicators

Low	Moderate	High	Comments
Board has adopted policies that are fully consistent with business strategies and risk appetite.	Board has adopted policies that are generally consistent with business strategies and risk appetite.	Board has adopted policies that are inconsistent with business strategies and risk appetite.	The management team is responsive associated with industry change risk. The risk is moderate/stable.
Initiatives are well supported by capital for the foreseeable future and pose only nominal possible effects on financial condition. Decisions can be reversed with little difficulty and manageable costs.	Initiatives are reasonable considering the capital, communication channels, operating systems, and service delivery networks. Decisions are unlikely to have significant adverse impact on financial condition. Decisions can be reversed without significant cost or difficulty.	Initiatives are aggressive or incompatible with developed business strategies, communication channels, operating systems, and service delivery networks. Impact of strategic decisions is expected to significantly affect financial condition. Decisions are difficult or costly to reverse.	The current management team has proven their ability to make effective decisions. The 2017 core conversion enhanced the competitive ability of the bank - especially in the area of technological services now offered. Policies and procedures are updated as needed. The risk is moderate/stable.
Compensation programs achieve an appropriate balance between risk appetite and controls. Compensation strategies reflect core principle of "pay for performance." Performance goals and metrics to measure achievement are reasonably transparent.	Compensation programs are appropriately balanced between risk appetite and controls but may be informal or reflect modest weaknesses. Incentives are appropriate. Performance goals and metrics to measure achievement are reasonably transparent overall but may contain some minor obscurities.	Compensation programs unduly focus on short-term performance. Incentives may be inappropriate. Use of performance goals and metrics to measure achievement are obscure.	Bank management utilizes an annual employee review process that includes performance goals and metrics to measure achievements.
Due diligence for new products and services is robust. Process considers all appropriate factors including: assessing the impact to the bank's strategic direction, assessing the associated risks, consulting with relevant functional areas, determining regulatory requirements, determining the expertise needed, researching any vendors, developing a realistic business plan, and developing viable alternatives.	Due diligence for new products and services is satisfactory. Process may not fully consider all appropriate factors but provides for a general understanding of the risks associated with any new product or service.	Due diligence for new products and services is insufficient. Process does not consider the appropriate factors and the risks associated with any new product or service are not known.	Management will continue to make safe/sound decisions so that the bank is not adversely effected. The risk is moderate/stable.

Quality of Strategic Risk Indicators

Strong	Satisfactory	Insufficient	Weak	Comments
<p>The depth and technical expertise of staff enables management and the board to effectively set strategic direction and achieve organizational efficiency.</p>	<p>The depth and technical expertise of staff generally enables management and the board to set strategic direction and achieve organizational efficiency.</p>	<p>The depth and technical expertise of staff may prevent management and the board from being effective in setting strategic direction or achieving organizational efficiency.</p>	<p>Lack of depth and technical expertise of staff often prevents management and the board from effectively setting strategic direction and achieving organizational efficiency.</p>	<p>The bank has a seasoned management team with years of prior experience has proven to be a success.</p>
<p>Management and the board have a well-defined planning process and a successful record in accomplishing stated strategic goals.</p>	<p>Management and the board have a well-defined planning process and a reasonable record in accomplishing stated strategic goals.</p>	<p>Management and the board's planning process needs improvement. The bank has on occasion failed to achieve a key strategic goal.</p>	<p>Management and the board do not have an effective planning process or consistently fail to accomplish stated strategic goals.</p>	<p>The Executive management team works closely together on a day to day basis and are fully involved in day to day activities of the bank. Decision-making is pro-active not re-active. Due diligence processes and Board involvement are strong.</p>
<p>Initiatives are supported by sound due diligence and effective risk management systems, which are an integral part of strategic planning.</p>	<p>The quality of due diligence and risk management is consistent with the strategic issues confronting the organization. Risk management, while a part of strategic planning, may be less than comprehensive.</p>	<p>The quality of due diligence and risk management while consistent with the strategic issues confronting the organization, may overlook a key consideration. Risk management, while a part of strategic planning, may be less than comprehensive or inadequately address a key issue.</p>	<p>Less-than-effective risk management systems or a lack of adequate due diligence has resulted in deficiencies in management decisions and may undermine effective evaluation of resources and commitment to new products and services or acquisitions. Risk management is not a material factor in strategic planning.</p>	<p>The Executive management team works closely together on a day to day basis and are fully involved in day to day activities of the bank. Decision-making is pro-active not re-active. Due diligence processes and Board involvement are strong.</p>

<p>The impact of reversing or modifying strategic decisions is fully assessed as part of the planning process.</p>	<p>The impact of reversing or modifying strategic decisions is assessed as part of the planning process, with only minor omissions.</p>	<p>The impact of reversing or modifying strategic decisions is assessed as part of the planning process, but may fail to address a key factor.</p>	<p>The impact of reversing or modifying strategic decisions is not assessed as part of the planning process.</p>	<p>The Executive management team works closely together on a day to day basis and are fully involved in day to day activities of the bank. Decision-making is pro-active not re-active. Due diligence processes and Board Involvement are strong.</p>
<p>Strategic goals are effectively communicated and evident throughout the organization.</p>	<p>Strategic goals are communicated and evident throughout the organization.</p>	<p>Strategic goals may not be communicated and evident throughout the organization.</p>	<p>Strategic goals are not clearly communicated and evident throughout the organization.</p>	<p>All staff are required to read board approved policies and procedures annually.</p>
<p>MIS effectively supports the bank's strategic direction and initiatives.</p>	<p>MIS reasonably supports the bank's strategic direction.</p>	<p>MIS may not fully support the bank's strategic direction.</p>	<p>MIS do not support the bank's strategic direction or address a changing environment.</p>	<p>Daily, monthly & quarterly reports are available to all staff. Board, Executive Management, & Committees review appropriate reports also.</p>
<p>Management and the board are aware of and effectively incorporate technology management into strategic plans.</p>	<p>Management and the board are aware of and usually incorporate technology management into strategic plans.</p>	<p>Management and the board are aware of and usually incorporate technology management into strategic plans, although there may be key gaps.</p>	<p>Management and the board do not effectively incorporate technology management into strategic plans.</p>	<p>The current management team has proven their ability to make effective decisions. The 2017 core conversion enhanced the competitive ability of the bank - especially in the area of technological services now offered. The bank has converted to electronic board packages and also customer account document imaging-electronic notices.</p>

Reputation Risk Assessment

Reputation risk is the current or projected financial condition and resilience arising from negative public opinion. This risk may impair a bank's competitiveness by affecting its ability to establish new relationships or services or continue servicing existing relationships. Reputation risk is inherent in all bank activities and management should deal prudently with stakeholders, such as customers, counterparties, correspondents, investors, regulators, employees, and the community. (Updated 9/30/19)

A bank that actively associates its name with products and services offered through outsourced arrangements or asset management affiliates is more likely to have higher reputation risk exposure. Significant threats to a bank's reputation also may result from negative publicity regarding matters such as unethical or deceptive business practices, violations of laws or regulations, high-profile litigation, or poor financial performance. The assessment of reputation risk should take into account the bank's culture, the effectiveness of its problem-escalation processes and rapid-response plans, and its engagement with news media. (Updated 9/30/19)

Completed by: *Angie Barger, Barbara McCullough, & Kim Johns*

Date:

9/30/2020

Quantity of Reputation Risk is:

Low	Moderate	High	Comments
			Bank does not participate in asset management activities. The bank has seasoned employees with strong well-documented policies and procedures. Management team is conservative in nature and responds quickly to any risk findings.

Quality of Reputation Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				Bank staff average 13 years with the bank (22 years experience in banking) and grown/advanced within the conservative culture. The bank has a good reputation in the community as evidenced by our customer stability. Ratings from outside bank rating companies also continue to reflect a high rating – Bauer 5 Star Rating. Bank Health Rank #52 in Top 200 A+ for 2018.

The Aggregate reputation risk is expected to be:

Low	Moderate	High	Comments
			The bank management team is conservative in nature and responds quickly to any risk findings. Moderate risk.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			Bank management team believes risk is low & stable but Regulatory changes, and increased cyber security risk may provide increasing risk.

Reputation Risk Indicators

Quantity of Reputation Risk Indicators

Low	Moderate	High	Comments
<p>Management demonstrates outstanding performance in meeting community's credit needs. Community reinvestment is a formal part of strategic planning and daily business. Bank is routinely seen in a leadership role in community development. Lending programs targeted to low/moderate income borrowers and areas are innovative and effective. Identified lending areas are appropriate and legal.</p>	<p>Management demonstrates satisfactory performance in meeting community's credit needs. Bank generally participates in community development activities but not in a leadership role. Lending programs targeted to low/moderate income borrowers and areas exist but are not innovative or complex. Identified lending areas are appropriate and legal.</p>	<p>Management's performance in meeting community's credit needs requires improvement or is unsatisfactory. Participation in community development activities is rare and lending to low/moderate income borrowers or areas may be limited. Identified lending areas may arbitrarily exclude low/moderate income areas.</p>	<p>the Covid-19 pandemic provided challenges and necessary changes. We managed the short tem challenges and belive we can address and hancle any long term changes as needed. While the risk is increasing, we believe it is moderate.</p>
<p>There may be some plans for merger or acquisition activities or entrance into new businesses, product lines, technologies, or third-party relationships.</p>	<p>There are substantial plans for merger or acquisition activities, or entrance into new businesses, product lines, technologies, or third-party relationships.</p>	<p>There are significant and transformative plans for merger or acquisition activities, or entrance into new businesses, product lines, technologies, or third-party relationships.</p>	<p>The bank has no plans for merger/ acquisition activities or entrance into new businesses; however, the bank has begun offering USDA Loan financing which provides government guaranty. The bank completed a core conversion in February 2017, which enhanced technologies and product lines. Third Party relationships also changed and decreased in number. We believe the risk is moderate/stable.</p>
<p>The bank enjoys a favorable market and public perception. The level of litigation, losses, violations of laws and regulations, and customer complaints is minimal.</p>	<p>The level of litigation, losses, violations of laws and regulations, and customer complaints may adversely affect the bank's market and public perception.</p>	<p>Bank is substantially exposed to adverse market and public perception as shown in significant litigation, large dollar losses, substantive violations of laws and regulations, or a high volume of customer complaints.</p>	<p>Management is proactive. The risk is low/stable.</p>

Low	Moderate	High	Comments
<p>Losses from asset management activities are low relative to the number of accounts and the transaction volume. The bank avoids conflicts of interest.</p>	<p>Losses from asset management activities are moderate relative to the number of accounts and the transaction volume. The bank has generally avoided conflicts of interest and other legal or control breaches.</p>	<p>Losses from asset management activities are elevated relative to the number of accounts and the transaction volume. Poor account administration, conflicts of interest, and other legal or control breaches may be evident.</p>	<p>First National Bank Northwest Florida does not participate in these type services: personal trust and estate administration, retirement plan services, investment management, advisory and corporate trust administration, security holder services, transfer agencies, cash management, tax advice/preparation, sale of equities, fixed income products, mutual funds, annuities, cash management sweep accounts, and other types of investment instruments.</p>
<p>Fair lending practices are strong and management is committed to fair lending principles. Fair lending policies are comprehensive and well communicated to all areas of the bank. Fair lending requirements are well known, with ongoing training provided at least annually. Credit decision making is centralized. Underwriting policies are well defined and are followed with few exceptions. A formal second review process is in place and annual testing is required.</p>	<p>Fair lending practices are satisfactory and management's commitment is appropriate. Fair lending principles are informally understood throughout the bank but not fully integrated into all areas. Decision making may be decentralized and underwriting requirements may be general in nature, with a modest level of exceptions. A second review function exists but is informal. Testing and training are acceptable but may display subtle weaknesses.</p>	<p>Management has not demonstrated an effective commitment to fair lending. Fair lending practices/policies are not well communicated and concepts are not fully understood. Underwriting requirements are limited and exceptions are excessive. No second review process exists. Testing and training programs are limited, ineffective, or absent. Potential for noncompliance is high.</p>	<p>The bank has seasoned employees in addition to strong well-documented policies and procedures. The Bank has a good reputation in the community as evidenced by our customer stability. Ratings from outside bank rating companies also continue to reflect a high rating - Bauer 5 Star Raing . The risk is low/stable.</p>

Quality of Reputation Risk Indicators

Strong	Satisfactory	Insufficient	Weak	Comments
Management anticipates and effectively responds to changes of a market, technological, or regulatory nature that may affect the bank's reputation in the marketplace.	Management adequately responds to changes of a market, technological, or regulatory nature that may affect the bank's reputation in the marketplace.	Management's response to changes of a market, technological, or regulatory nature may not be timely or appropriate.	Management does not take timely or appropriate actions in response to changes of a market, technological, or regulatory nature.	The 2017 core conversion enhanced the competitive ability of the bank - especially in the area of technological services offered.
Management fosters a sound culture based on strong core values and ethics that are clearly communicated and monitored throughout the bank.	The bank's culture is sound, but core values may not be consistently communicated or monitored.	The bank's culture is generally sound, but there may be isolated incidents of employee misconduct.	Employee conduct demonstrates a disregard for or unawareness of ethics. There may be incentives for employees to take excessive risks or employees are not held accountable for their actions.	Bank staff average 13 years with the bank (22 years experience in banking) and have grown/advanced within the conservative culture of the bank. Staff are required to read and acknowledge the Code of Ethics annually.
Management effectively self-polices risks. Processes to monitor, escalate, and mitigate issues, including those related to customer complaints, are well defined and tested periodically.	Management adequately self-polices risks. Processes to monitor, escalate, and mitigate issues may be informal.	Management's self-policing of risks needs improvement. Processes to monitor, escalate, and mitigate issues may not be timely or effective in one or more areas.	Management's self-policing of risks is deficient or absent in one or more critical areas.	The bank has an onsite Internal Audit/Compliance Officer along with active committees charged with self policing of risk (such as ERM committee) along with Consumer Complaint Policies and Procedures approved annually by the Board of Directors.
Operational risk management is strong. Internal controls and audit are fully effective.	Operational risk management is satisfactory. Internal controls and audit are generally effective.	Operational risk management is insufficient. Internal controls and audit need improvement.	Operational risk management is weak. Internal controls and audit are not effective in reducing exposure.	The bank has an onsite Internal Audit/Compliance Officer along with active committees charged with self policing of risk (such as ERM committee) along with Privacy Policies and Procedures approved annually by the Board of Directors.
Management has clear awareness of privacy issues and uses customer information responsibly.	Management understands privacy issues and generally uses customer information responsibly.	Management has gaps in knowledge of privacy issues and there may be instances where customer information is not used responsibly.	Management is not aware of or concerned with privacy issues and may use customer information irresponsibly.	The bank has an onsite Internal Audit/Compliance Officer along with active committees charged with self policing of risk (such as ERM committee) along with Privacy Policies and Procedures approved annually by the Board of Directors.
Management has effective, well-documented account administration, investment management, and retail sales policies and processes in place.	Management has adequate account administration, investment management, and retail sales policies and processes in place.	Account administration, investment management, and retail sales policies and processes need improvement. Control processes and MIS do not always capture violations of law or regulations or exceptions to policy.	Account administration, investment management, and retail sales policies and processes are inadequate. Control processes and MIS regularly fail to capture violations of law or regulations or exceptions to policy.	The bank is not involved in any Asset Management activities - only normal small community bank activities. The bank has seasoned employees in addition to strong well-documented policies and procedures.

CONSUMER DEPOSIT REGULATIONS RISK

REG D, REG DD, REG CC, AND REG E

The consumer deposit regulations risk indicators are used to assess a bank's quantity of risk and quality of risk management regarding applicable consumer protection laws and regulations related to deposit accounts. (Updated 9/30/19)

Completed by: *Barbara McCullough, EVP/CFO*

Date: *9/30/2020*

Quantity of Consumer Deposit Risk is:

Low	Moderate	High	Comments

Quality of Consumer Deposit Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments

Aggregate Consumer Deposit Risk is:

Low	Moderate	High	Comments

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments

Consumer Deposit Regulations Risk Indicators

Quantity of Consumer Deposit Regulations (Reg. D, Reg. DD, Reg. CC, and Reg. E) Risk Indicators

Low	Moderate	High	Comments
Staff is experienced and knowledgeable regarding regulatory requirements that apply to their functions. Staff turnover is generally low.	Staff is generally experienced and knowledgeable regarding regulatory requirements that apply to their functions. Some turnover is identified.	Staff is inexperienced or is not knowledgeable regarding regulatory requirements that apply to their functions. Turnover may be high.	Most of the bank employees are long-term and training is provided on an annual basis.
Noncomplex products are offered. Product types are stable. (Reg. D, Reg. DD, Reg. CC, Reg. E)	Limited number of complex products is offered. Product types change occasionally. (Reg. D, Reg. DD, Reg. CC, Reg. E)	Several complex deposit products offered (e.g., index-powered CDs, tiered rate, stepped-rate). Product types change frequently. (Reg. D, Reg. DD, Reg. CC, Reg. E)	The bank offers consumer and commercial deposit accounts and certificate of deposits. Consumer IRA's are offered in the form of certificate of deposits.
Electronic banking is not offered or is limited to account inquiries. (Reg. D, Reg. DD)	Electronic banking is limited to nontransactional functions and is informational only (which may trigger Reg. DD advertising requirements). No account opening permitted. (Reg. D, Reg. DD)	Accounts can be opened via the Internet and transactions conducted (account-to-account transfers, electronic bill payment, etc.). (Reg. D, Reg. DD, Reg. CC, Reg. E)	Internet banking is offered and can be applied for online by consumer customers which already have an open account. The customer is vetted prior to approval/activation of online banking by bookkeeping department. Commercial accounts are required to open the account in person. Bill Pay, Mobile Deposit, Remote Deposit Capture, Remote account transfer, and P2P (via debit card only) are available for Consumer and Commercial.
Marketing activities are limited to local area, stable environment, centralized. (Reg. DD)	Marketing activities are limited to standard products, decentralized channels (individual branches or lines of business) (Reg. DD)	Active marketing of new products offered through multiple channels (Internet, direct mail, etc.). (Reg. DD)	Marketing Officer and activities are within the MSA designated.
Interest rate environment is stable. (Reg. DD)	Interest rate environment is unstable but volume is manageable. (Reg. DD)	Interest rates are unstable. May result in rapid shift in demand for certain products (Reg. DD). May indicate a need for further disclosures to the consumer.	Prime Rates have remained at a low level for several years. There have been multiple interest rate changes over the last 24 months-including a 1.50% drop in March.
Few competitors. (Reg. DD)	Multiple competitors. May result in the bank developing more complex products. (Reg. DD)	High level of competition. May result in the bank offering premiums or bonuses for deposit products. (Reg. DD)	Multiple competitors in the area but the bank is primarily a commercial bank with a simple product line.

Low	Moderate	High	Comments
Tested and proven software and processes are in use. Few if any errors regarding technical requirements (disclosures, notices, APYs, etc.) are noted. (Regs. DD, CC, D, E)	New software has been implemented, or software conversions have taken place. Some errors regarding technical requirements are noted. (Regs. DD, CC, D, E)	System conversions or software changes have been implemented due to third-party changes, or merger activity. Numerous errors regarding technical requirements are noted. (Regs. DD, CC, D, E).	Previously with the same vendor for over 30 years - core conversion took place in 2017. Some issues were discovered initially but have been corrected - No major issues have been discovered since the last ERM assessment.
Next day availability of deposits across the board. Few exception holds. (Reg. CC)	Case-by-case, new account and large deposit exceptions occur occasionally. Deposit holds are done infrequently. (Reg. CC)	Holds are placed frequently. (Reg. CC)	Placement of holds is determined at time of deposit, however this is a manual process (case-by-case). There has been a learning curve with the new core/teller system but training activities within the last year seem to have corrected the issue.
Low number of consumer complaints received. No pattern as to type of complaint. Few or no substantive issues. (Updated in version 1.1)	Moderate number of consumer complaints received without a pattern as to compliance type. Moderate number of substantive issues.(Updated in version 1.1)	Several consumer complaints are received and may represent a pattern. Significant number of substantive issues. (Updated in version 1,1)	The bank maintains an error resolution and information request log. This is maintained by the Complaint Officer. The bank does not remember when a consumer complaint was last received.
Access devices are not offered or are limited to automated teller machine (ATM) cards. (Reg. E)	Access devices such as ATM and debit cards are offered. Multiple channels may be available. (Reg. E)	Bank's ATM network may be extensive. Access devices such as ATM and debit cards are offered. Multiple channels may be available. (Reg. E)	The bank has two ATM machines located at branch locations. Debit cards only are offered.
Bank does not offer money market deposit accounts (MMDA) or negotiable order of withdrawal (NOW) accounts. (Reg. D)	MMDA and/or NOW accounts may be offered as permitted by regulation. (Reg. D)	MMDA and/or NOW accounts are offered. NOW accounts may not be limited to consumers only. (Reg. D)	There is detailed information for who may, or may not ,have a NOW account by product type and class code (class codes such as trust, LLP, etc)
Bank does not provide disclosures electronically.	Bank provides both electronic and paper disclosures. Staff is knowledgeable of E-Sign Act and there is effective consumer opt-in as required by the act.	Bank provides disclosures electronically only. Staff has some knowledge of the E-Sign Act. Effective consumer opt-in, as required by the act, is inconsistent.	Original customer signature required on all agreements - the customer has the option of not receiving electronic disclosures.

Quality of Consumer Deposit Regulations (Reg. D, Reg. DD, Reg. CC, and Reg. E) Risk Management Indicators

Strong	Satisfactory	Insufficient	Weak	Comments
<p>Management fully understands all aspects of deposit compliance risk and exhibits clear commitment to compliance. Importance of deposit compliance is emphasized and communicated throughout the organization.</p>	<p>Management reasonably understands key aspects of deposit compliance risk. Commitment to deposit compliance is reasonable and satisfactorily communicated.</p>	<p>Management may not fully understand some key aspects of deposit compliance risk. Commitment to deposit compliance may not be reasonable or satisfactorily communicated.</p>	<p>Management does not understand key aspects of deposit compliance risk. Commitment to deposit compliance is nonexistent or ineffectively communicated.</p>	<p>Management & staff spent many, many hours in mapping and testing of the core service provider prior to conversion.</p>
<p>Authority and accountability for deposit compliance is clearly defined and enforced.</p>	<p>Authority and accountability for deposit compliance is defined, although some refinements are needed.</p>	<p>Authority and accountability for deposit compliance is not fully defined and needs improvement.</p>	<p>Management has not established accountability for deposit compliance performance.</p>	<p>Each staff member is aware of their compliance responsibilities.</p>
<p>Management anticipates and responds well to changes of a market, technological, or regulatory nature that affect deposit regulations compliance.</p>	<p>Management adequately responds to changes of a market, technological, or regulatory nature that affect deposit regulations compliance.</p>	<p>Management's response to changes of a market, technological, or regulatory nature that affect deposit regulations compliance needs improvement.</p>	<p>Management does not anticipate or take timely or appropriate actions in response to changes of a market, technological, or regulatory nature that affect deposit regulations compliance.</p>	<p>Notices of changes (actual, anticipated, or pending) are communicated and implemented proactively.</p>
<p>Deposit compliance considerations (APYs, periodic statements, deposit holds, MMDA withdrawals/transfers, etc.) are proactively incorporated into products and system development and modification processes, including changes made by third parties. (Regs. DD, E, CC, D)</p>	<p>Deposit compliance is considered when developing products and systems. Issues are typically addressed before products and systems are fully implemented.</p>	<p>Deposit compliance is not consistently considered when developing products and systems, and issues may not be addressed before products and systems are fully implemented.</p>	<p>Deposit compliance considerations are not incorporated into product and systems development.</p>	<p>All regulatory considerations were reviewed and addressed prior to selecting a core service provider. The new core service provider sends regulatory reminders & information via email.</p>

Strong	Satisfactory	Insufficient	Weak	Comments
When deposit compliance deficiencies are identified, management promptly implements meaningful corrective action. These include responding to customer complaints and resolving electronic funds transfer errors.	Deposit compliance problems can be corrected in the normal course of business without a significant investment of money or management attention. Management is responsive when deposit issues are identified.	Deposit compliance errors are not consistently detected internally, corrective action may be ineffective, or management may be unresponsive.	Deposit compliance errors are not detected internally, corrective action is ineffective, or management is unresponsive.	Deposit Compliance issues resulting from the core conversion were minor but were discovered and corrected prior to customer awareness.
Appropriate deposit compliance controls and systems (e.g., quality control functions, compliance reviews, compliance audits, self- assessments) are implemented to identify compliance problems and assess performance.	No shortcomings of significance are evident in deposit compliance controls or systems (e.g., quality control functions, compliance reviews, compliance audits, and self-assessments). The probability of serious future violations or noncompliance is within acceptable tolerance.	Some shortcomings are evident in deposit compliance controls or systems (e.g., quality control functions, compliance reviews, compliance audits, and self-assessments). The probability of serious future violations or noncompliance may not be within acceptable tolerance.	Likelihood of continued deposit compliance violations or noncompliance is high because a corrective action program does not exist, or extended time is needed to implement such a program.	Strong Deposit Compliance controls and systems.
Deposit compliance training programs are effective, and the necessary resources have been provided to appropriate personnel.	Management provides adequate resources and training, given the complexity of products and operations, for compliance with deposit regulations.	Management does not consistently provide adequate resources and training, given the complexity of products and operations, for compliance with deposit regulations.	Management has not provided adequate resources or training for compliance with deposit regulations.	Annual training required and provided by job functions with minimum score requirements.
Compliance risk management processes and information systems are sound and the bank has a strong control culture that has proven effective for deposit compliance.	Compliance risk management processes and information systems are adequate to avoid significant or frequent violations or noncompliance with deposit regulations.	Compliance risk management processes and information systems may need improvement to avoid significant or frequent violations or noncompliance with deposit regulations.	Compliance risk management processes and information systems are deficient.	Strong Internal Control systems in place.

OTHER CONSUMER PROTECTION REGULATIONS RISK INDICATORS

Privacy of Consumer Financial Information, Fair Credit Reporting Act, Right to Financial Privacy Act, Fair Debt Collection Practices Act, Children's On-Line Privacy Protection Act, Controlling the Assault of Non-Solicited Pornography and Marketing Act, Telephone Consumer Protection Act.

The other consumer protection regulations risk indicators are used to assess a bank's quantity of risk and quality of risk management regarding applicable consumer protection laws and regulations that are not directly related to lending or deposit accounts. (Updated 9/30/19)

Completed by: *Angie Barger, Barbara McCullough, & Kim Johns*

Date: *9/30/2020*

Quantity of Consumer Other Risk is:

Low	Moderate	High	Comments	

Management is:

Strong	Satisfactory	Insufficient	Weak	Comments

Aggregate Consumer Other Risk is:

Low	Moderate	High	Comments

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments

Other Consumer Regulations Risk Indicators

Quantity of Other Consumer Regulations Risk Indicators

1) Privacy of Consumer Financial Information 2) Fair Credit Reporting Act 3) Right to Financial Privacy Act 4) Fair Debt Collection Practices Act 5) Children's On-Line Privacy Protection Act 6) Controlling the Assault of Non-Solicited Pornography and Marketing Act 7) Telephone Consumer Protection Act

Low	Moderate	High	Comments
Bank does not share customer information with affiliates and nonaffiliates outside of the regulatory exceptions contained in 12 CFR 1016 (Privacy)	Bank shares limited customer information with affiliates and nonaffiliates.	Bank actively shares customer information with affiliates and nonaffiliates.	The bank does not have affiliates and does not share with non affiliates
Bank does not disclose information to nonaffiliated third parties outside the statutory exceptions, and an opt-out election is therefore not necessary. (Privacy)	Bank discloses information to nonaffiliated third parties outside the statutory exceptions. Consumers are provided a reasonably clear and conspicuous opt-out notice and a generally reasonable means to do so. Bank has devised a generally effective means to record, maintain, and effectuate opt-out election by consumers.	Bank discloses information to nonaffiliated third parties outside the statutory exceptions are either not provided with an opt-out notice, or it is not clear and conspicuous. It is difficult for consumers to submit the notice. Bank either has not devised a means to record, maintain, and effectuate opt-out election by consumers, or it is not effective exceptions.	The bank does not have affiliates and does not disclose with non affiliates
Bank has no relationships with nonaffiliated entities. (Privacy)	Bank has relationships with a limited number of nonaffiliated entities.	Bank has relationships with a large number of nonaffiliated entities.	The bank does not have affiliates and does not disclose with non affiliates
Bank does not report credit information on its customers other than to a consumer-reporting agency. (Fair Credit Reporting Act)	Bank provides credit information on its customers to their holding companies or affiliates as permitted by the law.	Bank routinely provides credit information on its customers to other creditors or correspondents to market new products.	Only to reporting agencies as required.

Low	Moderate	High	Comments
Bank has not received requests from government agencies for information related to customers' financial records. (Right to Financial Privacy Act)	Bank has received limited requests from government agencies for customers' financial records.	Bank has received a significant number of requests from government agencies for customers' financial records.	Since 2015 (5 Years) the bank received eleven Subpoenas and two Summons - Nine of these were Civil Proceedings, one criminal and three regular court proceedings (thirteen total) Out of those thirteen there were four requests that were not our customer.
Bank does not operate a Web site or online service directed to children younger than 13 or does not have actual knowledge that it is collecting or maintaining personal information from a child online. (COPPA).	Bank's Web site may collect information from children younger than 13 but does not have an FTC- approved program.	Bank's Web site collects information from children younger than 13. Bank participates in an FTC-approved, self-regulatory program and independent review/audit has verified bank's compliance with the program.	Website does not collect information and does not set up online banking for children younger than 13.
Bank does not market products or services via e-mail or telephone (CAN-SPAM, TCPA).	Bank may market products or services via e-mail or telephone, but its program does not meet all requirements of CAN-SPAM or TCPA.	Bank markets products or services via e-mail or telephone. It does not have a process to review or ensure compliance with requirements of CAN-SPAM or TCPA.	Bank does not market products or services via e-mail or telephone (CAN-SPAM, TCPA)
Bank does not regularly collect consumer debts for another person or institution or use any name other than its own when collecting consumer debts and is therefore not a "debt collector." (Fair Debt Collection Practices Act)	Bank occasionally acts as a "debt collector."	Bank frequently acts as a "debt collector."	Bank does not collect consumer debts for another person or institution

Quality of Other Consumer Regulations Risk Management Indicators

1) Privacy of Consumer Financial Information 2) Fair Credit Reporting Act 3) Right to Financial Privacy Act 4) Fair Debt Collection Practices Act 5) Children's On-Line Privacy Protection Act 6) Controlling the Assault of Non-Solicited Pornography and Marketing Act 7) Telephone Consumer Protection Act

Strong	Satisfactory	Insufficient	Weak	Comments
Management has effective privacy and marketing policies that accurately reflect the operations of the bank. (Privacy, CAN-SPAM, TCPA)	Management has privacy and marketing policies that adequately reflect the operations of the bank.	Management has privacy and marketing policies that do not fully reflect the operations of the bank.	Management does not understand or has chosen to ignore key aspects of risk within the privacy regulation. Privacy and marketing policies are ineffective and do not reflect the operations of the bank.	
Bank has implemented a comprehensive, board-approved written information security program that conforms with section 501(b) of GLBA. (Privacy)	Bank has implemented an adequate, board-approved written information security program that generally conforms with section 501(b) of GLBA but could be enhanced.	Bank has implemented a board-approved written information security program that may not fully conform with section 501(b) of GLBA.	Bank has not implemented a written information security program or does not conform with section 501(b) of GLBA.	
Compliance actively monitors to confirm that the bank does not report credit information on its customers other than to a consumer-reporting agency. (Fair Credit Reporting Act)	Compliance adequately monitors to confirm that the bank does not report credit information on its customers other than to a consumer-reporting agency.	Compliance needs to improve monitoring to confirm that the bank does not report credit information on its customers other than to a consumer-reporting agency.	Compliance does not monitor to confirm that the bank does not report credit information on its customers other than to a consumer-reporting agency.	
Bank has an effective system to appropriately respond to requests for information related to customer's financial records from government agencies are responded to appropriately. (Right to Financial Privacy Act)	Bank has an adequate control system to appropriately respond to requests for information from government agencies are responded to appropriately. Control system may not be fully implemented.	Bank needs to improve its control system to appropriately respond to requests for information from government agencies are responded to appropriately.	Bank does not have a control system in place to appropriately respond to requests for information related to customers' financial records from government agencies are responded to appropriately.	

Strong	Satisfactory	Insufficient	Weak	Comments
Training related to privacy and marketing laws and regulations is effective, and resources have been provided to personnel.	Management provides adequate resources and training given the complexity of products and operations for compliance with privacy and marketing laws and regulations.	Management needs to improve resources and training given the complexity of products and operations for compliance with privacy and marketing laws and regulations.	Management has not provided resources or training for compliance with privacy and marketing laws and regulations.	
Authority and accountability for privacy and marketing compliance is clearly defined and enforced.	Authority and accountability for privacy and marketing compliance are defined, although some enhancements may be needed.	Authority and accountability for privacy and marketing compliance may not be clearly defined and improvements are needed.	Management has not established or enforced accountability for privacy and marketing compliance performance.	
Bank either has not received any consumer complaints or, if it has, the complaint resolution process is timely and complete. (Updated version 1.1)	Bank responds to consumer complaints in a generally timely and complete manner. (Updated version 1.1)	Bank does not consistently respond to consumer complaints in a timely and complete manner. (Updated version 1.1)	Bank either does not respond to consumer complaints, or does so after an extended period of time. Responses are inadequate. (Updated version 1.1)	
Appropriate compliance controls and systems (e.g., quality control functions, compliance audits, and self- assessments) are implemented to identify compliance problems and assess performance.	No shortcomings of significance are evident in compliance controls or systems (e.g., quality control functions, compliance reviews, compliance audits, and self-assessments). Probability of serious future violations or noncompliance is within acceptable tolerance.	Some shortcomings are evident in compliance controls or systems (e.g., quality control functions, compliance reviews, compliance audits, and self-assessments). Probability of serious future violations may not be within acceptable tolerance.	Likelihood of continued compliance violations or noncompliance is high because a corrective action program does not exist, or extended time is needed to implement such a program.	

ASSET MANAGEMENT RISK ASSESSMENT

Many community banks provide asset management-related service, including traditional trust and fiduciary services, fiduciary-related services, and retail brokerage services. While asset management is not a defined Risk Assessment System (RAS) category, examiners assess the overall risk arising from both the type and volume of activities conducted and the quality of risk management using the risk indicators below.

The asset management section of the core assessment is structured to conduct supervisory activities along the asset management product lines typically found in community banks, including limited-purpose trust banks. The results of these reviews are then used to assign the composite and component ratings under the Uniform Interagency Trust Rating System (UITRS). Under UITRS, fiduciary activities of national banks are assigned a composite rating based on an evaluation and rating of five essential components of an institution's fiduciary activities: management; operations, internal controls and auditing; earnings; compliance; and asset management.

First National Bank Northwest Florida does not participate in these type services: personal trust and estate administration, retirement plan services, investment management, advisory and corporate trust administration, security holder services, transfer agencies, cash management, tax advice/preparation, sale of equities, fixed income products, mutual funds, annuities, cash management sweep accounts, and other types of investment instruments.

Completed by: Angie Barger, Barbara McCullough, & Kim Johns

Date:

September 30, 2020

Quantity of Asset Management Risk is:

Low	Moderate	High	Comments
			N/A

Quality of Asset Management Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				N/A

Aggregate Asset Management Risk is:

Low	Moderate	High	Comments
			N/A

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			N/A

Quantity of Asset Management Risk Indicators

Asset Management Risk Indicators

Low	Moderate	High	Comments
Amount of capital allocated to asset management is low and insignificant in relation to total capital.	Substantial amount of capital is allocated to asset management but still not high in relation to total capital.	Amount of capital allocated to asset management is substantial and significant in relation to total capital.	N/A
Asset management revenue or operating profit is insignificant in relation to the bank's overall revenue or operating profit.	Asset management revenue or operating profit is an important contributor to the bank's total revenue or operating profit.	Asset management revenue or operating profit is a substantial contributor to the bank's total revenue or operating profit.	N/A
Asset management accounts administered and/or managed are mostly noncomplex and small in size.	Asset management accounts administered and/or managed may be complex and large in size.	Significant number of asset management accounts administered and/or managed are complex and large in size.	N/A
Asset management products and services are provided in a limited number of locations or branches in one state.	Asset management products and services are provided in locations or branches in more than one state.	Asset management products and services are provided in multiple locations or branches in multiple states.	N/A
Asset management account growth is low and stable, and usually below management expectations. New product volume is low.	Asset management account growth is significant and generally meets or exceeds management expectations. New product volume is high.	Asset management account growth is significantly above management expectations. New product volume is significant and complex.	N/A
Transaction volume of asset management accounts is not significant, and the probability of significant loss from errors, disruptions, or fraud is minimal.	Transaction volume of asset management accounts is substantial, but the probability of significant loss from errors, disruptions, or fraud is acceptable.	Transaction volume of asset management accounts is substantial, and the probability of significant loss from errors, disruptions, or fraud is high.	N/A
Compliance with applicable law is good and the potential for noncompliance is minimal. Identified violations are quickly and effectively corrected.	Compliance with applicable law is satisfactory, but compliance can be improved. Identified violations are normally corrected in a satisfactory manner.	Compliance with applicable law is unsatisfactory and the potential for additional noncompliance is high. Identified violations are not corrected in a timely and effective manner.	N/A
Financial losses from asset management are low relative to allocated capital.	Financial losses from asset management are moderate relative to allocated capital.	Financial losses from asset management are high relative to allocated capital.	N/A

Low	Moderate	High	Comments
Volume and significance of litigation related to asset management is minimal.	Volume and significance of litigation related to asset management is satisfactory, but increasing	Volume and significance of litigation related to asset management is high and increasing	N/A
Volume and significance of complaints by clients is minimal.	Volume and significance of complaints by clients is satisfactory but increasing	Volume and significance of complaints by clients is high and Increasing	N/A
Compliance with asset management related policies and procedures is good and the potential for significant noncompliance is minimal.	Compliance with asset management related policies and procedures is satisfactory, but unauthorized policy exceptions exist and policy compliance can be improved.	Compliance with asset management related policies and procedures is unsatisfactory and potential for additional noncompliance is high.	N/A
Asset management related audit findings are usually good. The type and volume of audit exceptions are minor. Audit deficiencies are quickly and effectively corrected.	Asset management related audit typically identifies a moderate level of exceptions that require a higher level of management involvement. Audit deficiencies are normally corrected in a satisfactory manner.	Asset management related audit typically identifies a high level of exceptions that require a significant senior management involvement. Audit deficiencies are not corrected in a timely and effective manner.	N/A

Quality of Risk Management for Asset Management Indicators

Strong	Satisfactory	Insufficient	Weak	Comments
Strategic planning processes fully incorporate asset management. Asset management strategic planning and financial budgeting processes are sound.	Strategic planning processes include asset management. Asset management strategic planning and financial budgeting processes are adequate but could be enhanced.	Strategic planning processes include asset management. Asset management strategic planning and financial budgeting processes need improvement.	Strategic planning processes do not include asset management. Asset management financial budgeting processes are inadequate and ineffective.	N/A
Board has adopted asset management policies that are fully consistent with business strategies and risk appetite.	Board has adopted asset management policies that are generally consistent with business strategies and risk appetite.	Board has adopted asset management policies that are not sufficiently consistent with business strategies and risk appetite.	Board has adopted asset management policies that are inconsistent with business strategies and risk appetite.	N/A
Asset management is well organized with clear lines of authority and responsibility for monitoring adherence to policies, procedures, and controls.	Asset management is adequately organized. Lines of authority and responsibility have been established, but could be enhanced.	Asset management organization needs improvement. Lines of authority and responsibility may not be clear.	Asset management is poorly organized. Clear lines of authority and responsibility have not been established.	N/A
Board has employed a strong asset management team. Management is competent, experienced, and knowledgeable of business strategies, policies, procedures, and control systems.	Board has employed a satisfactory asset management team. Management is competent, experienced, and knowledgeable in most areas.	Board has employed an adequate asset management team. Management may need additional experience or knowledge in some areas.	Board has employed an inadequate asset management team. Management is inexperienced and may not be competent. Inadequate knowledge of asset management business.	N/A
Processes effectively identify, approve, track, report, and correct significant asset management related policy and control exceptions.	Processes generally identify, approve, track, report, and correct significant asset management related policy and control exceptions. Processes could be enhanced.	Processes do not consistently identify, approve, track, report, and correct significant asset management related policy and control exceptions.	Processes do not identify, approve, track, report, and correct significant asset management related policy and control exceptions.	N/A
Staffing levels and expertise are strong for the size and complexity of the asset management business.	Staffing levels and expertise are adequate for the size and complexity of the asset management business.	Staffing levels and expertise need improvement given the size and complexity of the asset management business.	Staffing levels and expertise are inadequate for the size and complexity of the asset management business.	N/A
Personnel policies, practices, and training programs related to asset management are reasonable and sound.	Personnel policies, practices, and training programs related to asset management are satisfactory, with only minor enhancements needed.	Personnel policies, practices, and training programs related to asset management may need improvement in some areas.	Personnel policies, practices, and training programs related to asset management are deficient and ineffective.	N/A
Policies and controls to prevent and detect inappropriate conflicts of interest and self-dealing are comprehensive and effective.	Policies and controls to prevent and detect inappropriate conflicts of interest and self-dealing are adequate and generally effective.	Policies and controls to prevent and detect inappropriate conflicts of interest and self-dealing need improvement to be fully effective.	Policies and controls to prevent and detect inappropriate conflicts of interest and self-dealing are inadequate and ineffective.	N/A

Strong	Satisfactory	Insufficient	Weak	Comments
Management and the board receive comprehensive information reports to manage asset management risk.	Management and the board receive adequate information reports. Content or timeliness could be enhanced.	Management and the board do not consistently receive adequate information reports. Content or timeliness needs to be improved.	Management and the board either do not receive information reports to manage asset management risk or the reports they receive have ineffective content and/or are not timely.	N/A
Management uses legal counsel appropriately and effectively.	Management uses legal counsel in an adequate and generally effective manner.	Management does not consistently use legal counsel effectively.	Management's use of legal counsel is ineffective.	N/A
Risks from new asset management products and services, strategic initiatives, or acquisitions are well controlled and understood. Products and services are thoroughly researched, tested, and approved before implementation.	Risks from new asset management products and services, strategic initiatives, or acquisitions are adequately controlled and understood. Products and services are researched, tested, and approved before implementation, but processes could be enhanced.	Risks from new asset management products and services, strategic initiatives, or acquisitions may not be adequately controlled and understood. Products and services may not be sufficiently researched, tested, and approved before implementation, and processes need to be improved.	Risks from new asset management products and services, strategic initiatives, or acquisitions are inadequately controlled and understood. Products and services are inadequately researched, tested, and approved before implementation.	N/A
Asset management compliance program is comprehensive and effective.	Asset management compliance program is adequate and generally effective.	Asset management compliance program needs improvement to be effective.	Asset management compliance program is deficient and ineffective.	N/A
Account acceptance and administration processes are strong and effective.	Account acceptance and administration processes are adequate and generally effective.	Account acceptance and administration processes need improvement to be effective.	Account acceptance and administration processes are deficient and ineffective.	N/A
Processes to develop, approve, implement, and monitor client investment policies, including performance measurement, are comprehensive and effective.	Processes to develop, approve, implement, and monitor client investment policies, including performance measurement, are adequate and generally effective.	Processes to develop, approve, implement, and monitor client investment policies, including performance measurement, need improvement to be effective.	Processes to develop, approve, implement, and monitor client investment policies, including performance measurement, have significant deficiencies and are ineffective.	N/A
Processes to analyze, acquire, manage, and dispose of client portfolio assets are comprehensive and effective.	Processes to analyze, acquire, manage, and dispose of client portfolio assets are adequate and generally effective.	Processes to analyze, acquire, manage, and dispose of client portfolio assets need improvement to be effective.	Processes to analyze, acquire, manage, and dispose of client portfolio assets have significant deficiencies and are ineffective.	N/A
Policies and procedures for the selection and monitoring of third-party vendors, including investment managers and advisors, are comprehensive and effective.	Policies and procedures for the selection and monitoring of third-party vendors, including investment managers and advisors, are adequate and generally effective.	Policies and procedures for the selection and monitoring of third-party vendors, including investment managers and advisors, need improvement to be effective.	Policies and procedures for the selection and monitoring of third-party vendors, including investment managers and advisors, have significant deficiencies and are ineffective.	N/A
Management fully understands technology risks and has readily available expertise to evaluate technology-related issues.	Management generally understands technology risks and has readily available expertise to evaluate technology-related issues.	Management may not fully understand all technology risks and may not have reasonable access to expertise on technology-related issues.	Management does not understand technology risks and does not have or use available expertise on technology-related issues.	N/A

Strong	Satisfactory	Insufficient	Weak	Comments
Management effectively anticipates and responds to risks associated with operational changes, systems development, and emerging technologies.	Management adequately anticipates and responds to risks associated with operational changes, systems development, and emerging technologies.	Management does not consistently anticipate and respond to risks associated with operational changes, systems development, and emerging technologies.	Management does not anticipate and respond to risks associated with operational changes, systems development, and emerging technologies.	N/A
Management provides continuous and reliable operating systems, including financial and operational services provided by third-party vendors. Contingency planning is comprehensive and frequently tested.	Management provides continuous and reliable operating systems, including financial and operational services provided by third-party vendors, but occasional disruptions occur. Contingency planning is adequate but could be enhanced.	Management may not adequately provide continuous and reliable operating systems, including financial and operational services provided by third-party vendors, and occasional disruptions occur. Contingency planning needs improvement.	Management does not provide continuous and reliable operating systems, including financial and operational services provided by third-party vendors. Significant disruptions occur and contingency planning is nonexistent or ineffective.	N/A
Asset management audit program is suitable and effective. Oversight by the board and management is strong.	Asset management audit program is satisfactory but could be enhanced. Oversight by the board and management is adequate.	Asset management audit program needs to be improved. Oversight by the board and management needs improvement.	Asset management audit program is significantly deficient. Oversight by the board and management is deficient and ineffective.	N/A
Asset management audit program is suitable and effective. Oversight by the board and management is strong.	Asset management audit program is satisfactory but could be enhanced. Oversight by the board and management is adequate.	Asset management audit program needs to be improved. Oversight by the board and management needs improvement.	Asset management audit program is significantly deficient. Oversight by the board and management is deficient and ineffective.	N/A

Community Bank Internal Controls and Audit Assessment Factors

Well-planned, properly structured auditing programs are essential to effective risk management and internal controls. Effective internal and external audit programs are also a critical defense against fraud and provide vital information to the board about the effectiveness of internal control systems. (Updated 9/30/19)

Completed by: Denise Bunes, Internal Auditor & Compliance Officer

Date: 9/30/20

Quantity of Audit Risk is:

Low	Moderate	High	Comments
			Audit risk continues to be slightly above the norm after the bank's core conversion in February 2017. Changes to parameters, reports, notices, disclosures, system, procedures adds risk to all departments and more intense audit scrutiny.

Quality of Audit Risk Management is:

Strong	Satisfactory	Insufficient	Weak
OCC's most recent Report of Examination rated the bank's audit function as Strong.			

Aggregate Audit Risk is:

Low	Moderate	High	Comments
			Audit risk is rated as Low. Management provides appropriate resources for the Internal Auditor to perform adequately in the field. Oversight is sufficient. External audits have been procured in recent years to confirm the validity of the internal audit process. Enterprise Risk Management Committee scheduled external loan review, deposit, BSA/AML and lending compliance and IT external reviews for 2020 and 2021. In addition, the GLBA Risk Assessment plus penetration testing are scheduled.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			Risk is expected to be stable. The bank has an experienced internal auditor with periodic external reviews to validate the process.

The Quality of Audit Risk Management is: Satisfactory

Strong	Satisfactory	Weak	Comments
<p>Overall, a strong audit program attains the highest level of respect and stature in the organization, which is continually confirmed by Management and Board attitudes, actions, and support. Audit's role is clearly spelled out and incorporated into overall risk management, new product and service deployment, changes in strategy, and organizational and structural changes. The OCC can fully rely on the work and conclusions of the audit function.</p>	<p>Overall, a satisfactory audit program attains an adequate level of respect and stature in the organization and is generally supported by the actions of Management and Board. Audit's role in overall risk management and its participation in new product and service deployment, changes in strategy, and organizational and structural changes may be limited, but is conducted effectively. The OCC can typically rely on the work and conclusions of the audit function.</p>	<p>Overall, a weak audit program is one that is not an integral part of the organization. The audit program does not have the full support of the Board and Management. Audit's role is unclear and not utilized in overall risk management, new product and service deployment, changes in strategy, and organizational and structural changes. The OCC cannot rely on the work and conclusions of the audit function.</p>	<p>The bank has one internal auditor who performs all internal audits and reviews for the bank, as well as, maintaining the compliance department. The bank provides the resources needed to ensure that compliance and audit departments are effective. Management also contracts external reviews for GLBA, IT, Deposits, BSA, and Lending. The recent OCC Examination and external compliance reviews found the departments to be strong and effective.</p>
<p>Board/Audit Committee Oversight – The Board, or its committee assigned audit oversight responsibility, is proactive in dealing with Management and risk management issues in a timely manner. Reports and information submitted to the Board or committee are clear and understandable in their discussions of issues, emerging risks, corrective actions, testing, and resolution of outstanding items. The Board or committee maintains dialogue with internal and external auditors, regulators, and Management and involves all appropriate groups in discussions on new business ventures, the potential risks involved, and planned controls. The Board or committee takes an active role in reviewing and approving the overall annual audit plans, for both internal and external audit engagements, as well as setting expectations for the roles of both internal and external auditors and evaluating their performance under the plan. The use of external auditors is clearly defined in engagement letters.</p>	<p>Board/Audit Committee Oversight – The Board or Audit Committee is effective in their oversight of the audit program. Reports and information presented to the committee provide sufficient information and discussion of significant audit and control issues. The committee holds senior management accountable for issues in their respective business lines. The committee understands the overall audit plans of internal audit and the engagement of external auditors and the respective roles to be performed by both internal and external auditors. The use of external auditors is clearly defined in engagement letters.</p>	<p>Board/Audit Committee – The audit committee (or Board if there is no committee) is not effective in their oversight of the audit program. Reports and information submitted to the Board or committee are insufficient or not fully understood. The Board or committee fails to follow-up on control and risk weaknesses noted by audit or to hold senior management accountable for issues in their respective business lines. The Board or committee has a passive role in the overall audit plan or selection of the external audit engagement and is not involved in determining the respective roles of the internal and external auditors. Engagement letters describing the work to be performed by the external auditors are non-existent, incomplete, or not understood.</p>	<p>The Board of Directors is the Audit Committee. They review internal audit reports during their monthly board meetings. They also approve the internal audit schedule and risk assessment annually, with any changes as needed throughout the year. The Board is kept abreast of audits performed, findings, responsible employees and actions taken by reviewing the Audit Findings Tracking Report submitted on a quarterly basis. The Board also approves and reviews all external reviews, reports and management responses.</p>

Strong	Satisfactory	Weak	Comments
<p>Audit Management and Processes – Internal audit management possesses industry expertise and knowledge to match the sophistication and complexity of the Bank's risk profile and operations. Audit is independent in executing audit plans and audit programs and discussing issues with the Board/Audit Committee and regulators. Audit scopes and report findings are supported by work papers. Internal auditors address control deficiencies in a timely manner and perform thorough follow-up testing to ensure corrective measures are effective. Internal audit plans are completed with minimal carryover or have appropriately supported amendments bases on significant changes in the Bank's risk profile.</p>	<p>Audit Management and Processes – Internal audit management generally possesses the knowledge and experience to ensure adequate internal audit operations appropriate for the Bank's size, activities, and risk profile. For small community banks, the lack of internal audit management independence is mitigated by effective internal controls. Internal audits and follow-up are timely, comprehensive, independent, and effective in assessing and monitoring controls. Audit programs, processes, and information systems are generally sound, and complement the control and risk management environment. Audit policies are generally effective, adhered to, and appropriate for the Bank's size, complexity, and risk profile. If any internal audit duties or assignments are outsourced or co-sourced, the bank manages these duties adequately.</p>	<p>Audit Management and Processes – Weaknesses exist in internal audit management and processes, such as lack of competence or independence or inadequate scope of review, that are not mitigated by strong internal controls. Audit policies may exist, but need significant enhancements in light of the Bank's size, complexity, and risk profile. Audit programs, processes, reports, and information systems are generally ineffective in addressing significant control or risk issues. If any part of the internal audit is outsourced or co-sourced, these duties or assignments are not carried out effectively or the Bank does not manage them appropriately.</p>	<p>The bank has one internal auditor for its size & complexity. The Internal Auditor has 15 years experience with continuous training. She is a member of The Institute for Internal Auditors which assists with training and internal audit updates. The audit department utilizes LexisNexis eBook Compliance (FKA Sheshunoff Financial Services: Compliance Expert) audit program and policies. A policy review schedule is in place for annual review and approval by the board of directors.</p>
<p>The internal and external audit processes are fully effective. If any part of the internal audit is outsourced or co-sourced, these duties or assignments are carried out effectively and are managed appropriately by the Bank. Audit processes include indicators and descriptions of key risks and controls in place. Management information systems are timely, accurate, complete, and reliable.</p>	<p>The internal and external audit processes are adequate. If any part of the internal audit is outsourced or co-sourced, these duties or assignments are carried out adequately and are managed appropriately by the Bank. Audit processes include indicators and descriptions of key risks and controls in place. Management information systems are timely, accurate, complete and reliable.</p>	<p>The internal and external audit processes are weak. If any part of the internal audit is outsourced or co-sourced, these duties or assignments are carried out without an effective management response or action plan. Audit processes do not include indicators and descriptions of key risks and controls in place. Management information systems are complete but untimely.</p>	<p>The Board & Management approved contracting with several external audit firms the past several years to complete deposit, consumer lending, BSA and GLBA with cybersecurity framework reviews. Results were good with minor recommendations. Enterprise Risk Committee has discussed & determined when to reschedule the external reviews in the future.</p> <p>2021 External Review Schedule: April - Focus Audits GLBA w/Cybersecurity Fall - Deposit Compliance Fall - Lending Compliance Fall - BSA/AML Compliance</p>

Strong	Satisfactory	Weak	Comments
<p>Responsibilities between audit and other risk management oversight functions are well delineated. If appropriate, risk and frequency models are effectively used, and accurately reflect the risk posed by the Bank's activities. Overall audit planning is effective and timely in addressing audit needs for low-and moderate-risk areas. Audit scopes are flexible to the extent of addressing new business lines, products, and activities, and, if appropriate, merger/acquisition situations.</p>	<p>Responsibilities between audit and other risk management oversight functions are well delineated. If appropriate, risk and frequency models are effectively used, and accurately reflect the risk posed by the Bank's activities. Overall audit planning is effective and timely in addressing audit needs for low-and moderate-risk areas. Audit scopes are flexible to the extent of addressing new business lines, products, and activities, and, if appropriate, merger/acquisition situations.</p>	<p>Responsibilities between audit and other risk management oversight functions are well delineated. If appropriate, risk and frequency models are effectively used, and accurately reflect the risk posed by the Bank's activities. Overall audit planning is effective and timely in addressing audit needs for low-and moderate-risk areas. Audit scopes are flexible to the extent of addressing new business lines, products, and activities, and, if appropriate, merger/acquisition situations.</p>	<p>The bank is small and employees have diversified responsibilities. The Internal Auditor is also the Compliance Officer. Auditor remains her independence by not performing any day-to-day operations that she audits or implementing new policies or procedures. Bank management assigns responsibilities but has each task cross-trained in case of absences.</p>
<p>Audit Reporting – Internal Audit reports clearly outline the causes of problems and specifically point out management issues when present. There are few differences between bank-assigned audit assessments and examiner assessments for internal controls. Internal audit ratings, if used, are well defined and are fully effective in identifying areas where control weaknesses exist. Work paper documentation effectively supports the findings presented in the reports and audit ratings assigned.</p>	<p>Audit Reporting – Internal audit reports are clear, concise, and accurately reflect reviews of the area and the root causes of issues. Bank assigned internal audit ratings, if used, or assessments are adequately defined. Conclusion or assessment differences with examination findings may exist, but do not compromise the overall audit program. Internal audit work papers and programs support findings and conclusions.</p>	<p>Audit Reporting – Internal audit rating or assessment definitions are loosely defined or nonexistent. Audit reports are unclear and do not reflect accurate conclusions or fully identify the root causes of concerns. Significant conclusion or assessment differences exist with examination findings. Internal audit program work papers, in many cases, are insufficient or do not support findings and conclusions.</p>	<p>The Internal Auditor utilizes the LexisNexis eBook Compliance program (FKA Sheshunoff: Compliance Expert) Audit programs for the past 15 years. This program reflects any changes in regulation. Management and BOD Reports reflect findings, causes, trends, violations, and action plans to mitigate errors and risk in the future. In addition, the Internal Auditor submits an Audit Findings Monitoring Report to the board on a quarterly basis. This report reflects any internal or external audit findings, along with, the department responsible and corrective action taken.</p>
<p>Internal Audit Staffing – Audit staffing and experience fully complement the level of risk undertaken by the Bank. Staff turnover is minimal and vacancies are promptly addressed and have little or no effect on internal audit plans or processes. Recruitment and training processes are effective. The audit staff possesses a high level of knowledge of the areas audited.</p>	<p>Internal Audit Staffing – Audit staff is generally competent and experienced. The audit staff may have experienced some turnover and vacancies, but not to the extent of compromising internal audit plans and processes. Staff training is adequate.</p>	<p>Internal Audit Staffing- Audit staff is inexperienced or lacks adequate knowledge. The internal audit area is understaffed or suffers from high turnover significantly affecting internal audit plans and processes. Management has failed to maintain the staff levels needed to fully support the internal audit function. Staff training is inadequate.</p>	<p>The Internal Auditor has been with the bank for 15 years. There has not been a turnover in the audit dept. in 15 years. Training is ongoing with compliance training, as well as, internal audit webinars. Internal Auditor/Compliance Officer also assists the ISO with the bank's cybersecurity. They participate in cybersecurity webinars, table top exercises, and ISO Peer Groups.</p>

2020 Internal Audit Risk Assessment

Description of review	Ethical climate	Results of last regulatory exam	Results of last external audit	Results of last internal audit	Competence of personnel	Transaction volume	Complexity or volatility of activities	Adequacy of effectiveness of internal controls	Changes in operations, programs, systems	Acceptance of audit findings and corrective action taken	Familiarity of computerized information system(s)	Extent of documented policies and procedures	Average Risk Rating
Accounting	2	2	1	1	2	2	2	3	3	1	1	2	1.83
Accrued Interest	1	2	1	3	2	3	2	2	2	1	3	2	2.00
Allowance for Loan Losses	2	2	2	2	2	3	2	1	2	1	1	2	1.83
Application / Advertising Compliance (F)	1	2	1	2	1	2	1	1	3	1	1	2	1.50
Appraisal Compliance	1	2	1	1	1	3	3	1	2	1	1	1	1.50
Bank Secrecy Act	3	2	2	2	2	4	4	3	4	1	2	3	2.67
Capital Accounts	1	2	1	1	1	1	1	1	1	1	1	3	1.25
Cash	3	2	1	1	2	4	3	1	2	2	2	1	2.00
CALL Report	1	2	2	1	1	2	2	1	3	1	3	2	1.75
Collateral	1	1	1	2	1	2	2	1	2	1	2	2	1.50
Community Reinvestment Act (Reg BB)	1	2	1	2	2	1	1	1	2	1	1	1	1.33
Compliance Program	3	1	1	1	2	3	4	2	4	1	2	2	2.17
Deposit Compliance	1	2	3	3	2	4	4	2	4	1	3	3	2.67
Dormant / Escheat accounts	2	2	2	2	2	2	2	2	3	1	2	3	2.08
Business Continuity / Pandemic	1	2	1	3	2	2	2	2	3	2	3	2	2.08
Due From Banks	1	2	1	1	1	4	1	1	1	1	2	1	1.42
Electronic Funds Transfer Act (Reg E)	1	2	1	1	2	4	4	2	3	1	3	1	2.08
Expedited Funds Availability Act (Reg C)	2	1	2	1	3	3	3	2	2	1	2	2	2.00
Fair Credit Reporting Act	1	2	2	3	3	2	3	3	3	1	2	3	2.33
Fair Lending / Equal Credit Opportunity	1	1	2	3	3	2	2	3	3	1	2	2	2.08
Flood (Reg H)	2	2	1	1	2	2	2	3	3	2	2	2	2.00
Foreclosure Management	1	2	1	1	2	2	2	2	2	1	2	2	1.67
Information Technology/Cybersecurity	3	2	2	2	2	4	5	3	4	2	3	2	2.83
Insider Lending (Reg O)	2	2	1	1	1	1	2	1	1	1	2	1	1.33
Interest Rate Risk	1	1	1	1	2	2	3	2	2	1	2	2	1.67
Internal Control / Information Security	3	1	1	1	2	4	3	2	3	2	2	2	2.17
Online & Mobile Banking	2	2	1	1	3	3	3	2	3	2	2	2	2.17
IRS Pub. 1281 - B Notices	1	1	1	1	2	1	2	2	2	1	1	3	1.50
Letters of Credit	1	1	1	1	1	1	1	1	1	1	2	3	1.25
Loan Servicing / Credit Administration	2	2	1	1	2	2	3	2	3	2	2	2	2.00
NACHA Operating Rules	2	1	1	1	2	3	3	2	3	1	4	2	2.08
Non RE Loan Compliance	1	2	1	1	1	2	3	1	1	1	2	2	1.50
Official Checks	1	1	1	1	1	3	1	1	1	1	2	1	1.25
Other Real Estate (OREO)	1	2	2	1	1	1	2	2	1	1	2	2	1.50
Pledged Loans	1	1	1	1	1	1	2	2	2	1	2	2	1.42
Real Estate Loan Compliance (Reg Z)	2	2	3	2	3	2	5	2	3	1	4	2	2.58
Remote Deposit Capture	1	1	1	1	2	2	2	2	3	1	2	2	1.82
Right to Financial Privacy Act	2	2	1	1	2	2	2	1	1	1	2	2	1.58
SAFE Act	2	1	2	2	2	1	2	2	2	1	2	2	1.75
Safe Deposit Boxes	1	2	1	3	3	2	2	1	3	1	3	2	2.00
Securities / Investments	1	2	1	1	2	2	2	2	2	1	1	2	1.58
Servicemember Civil Relief Act / MLA	2	1	1	1	1	1	2	2	2	1	2	2	1.50
Truth in Savings (Reg DD)	2	1	2	1	2	3	3	1	3	1	2	2	1.92
U.S. Government Accounts	1	1	1	1	1	1	1	1	1	1	2	1	1.08
Gatekeeper Parameter Validation	2	1	1	1	1	3	3	2	3	1	2	1	1.75
UDAAP (Reg AA)	2	1	1	1	2	2	2	1	2	1	2	2	1.58
Wires - Funds Transfer Compliance	2	2	1	3	2	3	4	2	3	1	3	2	2.33
Vendor Management	3	1	1	2	2	3	3	3	2	2	2	1	2.08

Community Bank Internal Control Assessment

Internal Control is a system of internal controls includes the systems, policies, procedures, and processes effected by the board, management, and other personnel to safeguard bank assets, limit or control risks, and achieve the bank's objectives. (Updated in version 1.1)

Completed by: Denise Bunes, Compliance Officer

Date: 9/30/20

Consider both the Quantity of Internal Control Risk and the Quality of Internal Control Risk Management

Quantity of Internal Control Risk is:

Low	Moderate	High	Comments
			The bank has written Internal control procedures for all departments and tasks.

Quality of Internal Control Risk Management is:

Strong	Satisfactory	Insufficient	Weak	Comments
				The bank has strong internal control procedures throughout all departments.

Aggregate Internal Control Risk is: LOW

Low	Moderate	High	Comments
			Management has detailed internal controls throughout all bank transactions. Policy is effective, procedures are written, assessments of all departments tasks are performed periodically to ensure controls are effective.

The Direction is expected to be: STABLE

Decreasing	Stable	Increasing	Comments
			Management has always ensured strong internal controls in every department of the bank. This is expected to continue.

The Quality of Internal Control Risk Management is: **STRONG**

Strong	Satisfactory	Insufficient	Weak	Comments
<p>The board and senior management have established an organizational culture that provides for strong internal controls and appropriate standards and incentives for ethical and responsible behavior.</p>	<p>The board and senior management have established an organizational culture that provides for adequate internal controls and appropriate standards and incentives for ethical and responsible behavior.</p>	<p>The organization ascribes some importance to an adequate control environment, and the board supports that environment. The organization's culture generally provides for adequate internal controls and appropriate ethical and responsible behavior.</p>	<p>The organization does not ascribe importance to or emphasize the need for an adequate control environment. The organization's culture does not consistently provide for adequate internal controls and appropriate and responsible behavior.</p>	<p>Senior management has always established a culture of dual controls where a transaction cannot be performed by one employee throughout the transaction.</p>
<p>The system of internal controls allows the bank to achieve objectives in operational effectiveness and efficiency and provides for reliable financial reporting, safeguarding of assets and information, and compliance with applicable laws and regulations.</p>	<p>The system of internal controls generally allows the bank to achieve objectives in operational effectiveness and efficiency and provides for reliable financial reporting, safeguarding of assets and information, and compliance with applicable laws and regulations.</p>	<p>The system of internal controls, however, may not provide for reliable financial reporting, safeguarding of assets and information, and compliance with applicable laws and regulations in all areas.</p>	<p>The system of internal controls does not completely provide for the achievement of objectives in operational effectiveness and efficiency, reliable financial reporting, safeguarding of assets and information, and compliance with applicable laws and regulations.</p>	<p>Management has set up effective internal controls throughout the bank. Employees updated Departmental Internal Controls spreadsheets to reflect any changes in responsible duties after core conversion.</p>
<p>Controls are effective in limiting operational losses and new controls are implemented in a timely manner in areas found to have deficiencies.</p>	<p>Controls are generally effective in limiting operational losses and new controls are usually implemented in a timely manner in areas found to have deficiencies.</p>	<p>Controls implemented may not fully remediate deficiencies found.</p>	<p>Controls are not readily implemented in areas found to have deficiencies.</p>	<p>Effective controls are in place throughout the bank to limit risk and losses. Any findings are immediately corrected.</p>
<p>The organization has an effective process in place to ensure that controls as described in its policy and procedures manuals are operating effectively, and these controls are periodically reviewed through a self-assessment and an independent evaluation.</p>	<p>The organization has an adequate process in place to ensure that controls as described in its policy and procedures manuals are applied. A periodic self-assessment and an independent evaluation of internal controls may have minor deficiencies.</p>	<p>The organization's process to ensure that controls as described in its policy and procedures manuals are applied may have weaknesses or may not have been fully implemented in all areas. A periodic self-assessment or independent evaluation of internal controls may have significant deficiencies in specific areas.</p>	<p>The organization has an inadequate process to ensure that controls as described in its policy and procedures manuals are applied as they are meant to be applied. A periodic self-assessment and an independent evaluation of internal controls may be lacking or have significant deficiencies.</p>	<p>The bank has an adequate internal control policy and written procedures. Internal controls are evaluated during each audit, along with, an annual Internal Controls audit.</p>
<p>Follow up is required when internal and external auditors and regulatory agencies recommend improvements to the internal control system, and that follow-up is timely and appropriate.</p>	<p>The organization follows up when internal and external auditors and regulatory agencies recommend improvements to the internal control system.</p>	<p>The organization generally follows up when internal or external auditors and regulatory agencies recommend improvements to the internal control system, but actions may not be completed in a timely manner or may not be fully effective.</p>	<p>The organization is not proactive, and its follow up on identified control weaknesses is inadequate or lacks senior management commitment.</p>	<p>Management always follows up with internal or external audit findings in a timely manner. Minimal findings.</p>

Internal Control Work Flow

LEGEND:								
AREA AND TRANSACTION CLASS	HOW AND BY WHOM TRANSACTIONS ARE INITIATED AND AUTHORIZED	HOW AND BY WHOM INFORMATION ABOUT TRANSACTIONS AND EVENTS ARE IDENTIFIED, CAPTURED, AND ENTERED IN THE CORE - ACCOUNTING SYSTEM	GENERAL LEDGER ACCOUNTS USED	HOW AND BY WHOM TRANSACTIONS ARE PROCESSED FROM ORIGINAL ENTRY TO INCLUSION IN THE GENERAL LEDGER	EXPECTED TYPE, NUMBER, AND SIZE OF JOURNAL ENTRIES AFFECTING THIS ACCOUNT	ALCO = ASSET LIABILITY COMMITTEE FINANCIAL REPORTS OR OTHER INFORMATION GENERATED FOR INTERNAL USE	BOD = BOARD OF DIRECTORS HOW AND BY WHOM INFORMATION IS CAPTURED FOR INCLUSION IN THE FINANCIAL STATEMENTS, INCLUDING DISCLOSURES	CSR = CUSTOMER SERVICE REPRESENTATIVE VERIFICATION
CASH, DUE FROM BANKS, AND TELLER OPERATIONS - BRENT								
RECEIPTS	Cash transactions are performed by the tellers authorized by Customers	Cash transactions are performed by the tellers in and out of customers accounts, two and from each other and the vault.	109100 - 109997	Entries are made to teller accounts with tickets run when cash is moved.	Large	EOM Bank Summary	Thru Teller System for memo post - then by proof via Teller tickets	HEAD TELLER
DISBURSEMENTS	Initiated by 1st bookkeeper and Authorized by 2nd Bookkeeper	Wires for Due From accounts are done under dual control, entries are made by bookkeeper	111106 - 119998	Wires for Due From accounts are done under dual control, entries are made by bookkeeper	Daily	EOM Bank Summary, Queries	Online Thru Cardinal by bookkeeper	ACCOUNTING MANAGER
TELLER CASH, CASH ITEMS, & CUSTOMER SERVICE CASH ITEMS	Items that will not clear immediately go into these accounts	When a teller sends out a cash order before the money or check is received for it, they place the money into Teller Cash Items. The deferred accounts are used by Bookkeeping Cash Items for items that have not yet cleared the Federal Reserve, but have been posted to the customers account.	113015 - 113195	Entries are made manually with online entries or with tickets run through proof.	Daily	EOM Bank Summary	Online entries or proof tickets by Tellers	HEAD TELLER
CREDIT CARD PROCESSING - Customers Only	Cash advances processed for customers by Tellers	113200						
INVESTMENTS , DERIVATIVES, AND INTEREST INCOME - BARBARA								
PURCHASES, INITIATION	Initiated by Investment committee authorized by ALCO- Board of Directors	Once approved, the details are given to Accounting. Accounting makes entries to GL	120000 - 120397; 121000 - 129998	Details are provided by CenterState and entries are made by Accounting	Very few transactions for purchases, average less than 1 per month. Large entries average greater than 1mil. Debit GL	Investment Report, EOM Balance Sheet, Investment Committee Minutes, BOD Minutes, Bond Risk Report, IRR, Securities spread sheet of activity Kept by Accounting	Information is taken from GL and the Security Report from CenterState	ACCOUNTING MANAGER - CFO

SALES, SETTLEMENT	We do not normally sell securities-once in 31 years. When there is a pay down, or a call, we receive notice from CenterState	Accounting receives the notice and makes entries to GL	120000 - 120140; 171425 -171445; 431060 - 431086; 400000 - 409997	Accounting receives the notice and makes entries to GL	There are monthly pay downs on most securities (mortgage backed) and others are twice a year.	Investment Report, EOM Balance Sheet, Investment Committee Minutes, BOD Minutes, Bond Risk Report, IRR. Securities spread sheet of activity. Kept by Accounting	Information is taken from GL and the Security Report from CenterState	ACCOUNTING MANAGER - CFO
DIVIDENDS / INTEREST / ACCRUED INTEREST	This is dictated by CENTERSTATE, FHLB & FED	Accounting estimates the amounts and uses recurring entries (accruals) to post to GL.	171425 - 171445; 400000 - 400096; 171600 - 171695	Accounting uses the previous months report to accrue for current months interest. Balancing is done at month end for securities, and Quarter end for Dividends.	Monthly	Investment Report, EOM Balance Sheet, Investment Committee Minutes, BOD Minutes, Bond Risk Report, IRR. Securities spread sheet of activity. Kept by Accounting	Information is taken from GL and the Security Report from CenterState	ACCOUNTING MANAGER - CFO
VALUATION	Investment committee decides when to purchase and authorized by BOD	CenterState provides us with a report showing the values of our securities.	120200-120296	Accounting balances to CenterState' s securities inventory reports monthly.	As needed	Investment Report, EOM Balance Sheet, Investment Committee Minutes, BOD Minutes, Bond Risk Report, IRR. Securities spread sheet of activity. Kept by Accounting	Information is taken from GL and the Security Report from CenterState	PRESIDENT/CEO & ALCO

SWAPS, DERIVATIVES, OR HEDGING ACTIVITIES	Investment committee decides when to purchase and authorized by BOD	Accounting receives the notice and makes entries to GL	120010 - 120140; 171425 -171445	Accounting receives the notice and makes entries to GL	As needed-however this would be a rare transaction -the bank has not done any of these transactions	Investment Committee Minutes, Investment Report, BOD Minutes		PRESIDENT/CEO & ALCO
DUE FROM CDs	Investment committee decides when to purchase and authorized by BOD	Accounting receives the notice and makes entries to GL	114000-114194	Accounting receives the notice and makes entries to GL	As needed-however this would be a rare transaction -the bank has not done any of these transactions	Investment Committee Minutes, Investment Report, BOD Minutes		PRESIDENT/CEO & ALCO

LOAN AND INTEREST INCOME- KIM								
ORIGINATION	Originated by Loan Officer; Authorized by Loan Committee	Tellers issue cashier checks with authorization from loan officer/loan assistant	131000 - 133315	Loan processing department enters information into system & a L&D check is issued	Variable	EOM Balance Sheet, Lines of Credit; Letters of Credit; Home Equity; SBA Loans; New Loans, LTV Exception	Loan Department	LOAN SUPERVISOR - BANK BALANCING
DISBURSEMENTS	Originated by Loan Officer; Authorized by Loan Committee	Loan processing department enters information into system & a L&D check is issued	131000 - 133305	Loan processing department enters information into system & a L&D check is issued	Variable	EOM Balance Sheet, Lines of Credit; Letters of Credit; Home Equity; SBA Loans; New Loans, LTV Exception	Loan Department	LOAN SUPERVISOR - BANK BALANCING
APPLYING PAYMENTS/COLLECTIONS	Tellers accept payments and apply to loan settlement account. Then Loan Department applies payment.	Loan processing department receives payment and uses the Loan Settlement account to clear entries.	131000 - 133697; 170000 - 170195	Loan processing department receives payment and uses the Loan Settlement account to clear entries. They post to the accounts online and the system moves money the money from IEU			Loan Department	LOAN SUPERVISOR
INTEREST AND FEE INCOME/ACCRUED INTEREST	System Generated	Interest entries are system generated, fee income entries are done by the Loan Department	170000 - 170115; 410000 - 420292; 430100 - 430982	Interest entries are system generated, fee income entries are done by the Loan Department			System Generated	LOAN SUPERVISOR
AMORTIZING DISCOUNTS								
PROVISION FOR LOAN LOSSES	Loan Loss report is initiated by Senior Officer and submitted to BOD	Accounting sets up approved monthly amount by recurring transaction	140000 - 140270, 510700	Accounting sets up approved monthly amount by recurring transaction	Monthly entry	Quarterly Loan Loss Evaluation	Accounting sets up recurring entry	CREDIT ADMINISTRATOR
CHARGE OFFS & RECOVERIES	Initiated by Lending officer and authorized by BOD	Loan processing department enters approved charge-offs in system. If there is a recovery, the loan department enters that into GL	140100 - 140270	Loan processing department enters approved charge-offs in system. If there is a recovery, the loan department enters that into GL	Small number of charge-offs	Loan Supervisor maintains Charge off report	Loan Department	LOAN SUPERVISOR
CREDIT CARDS	N/A							
OVERDRAFTS	Authorized by an Officer	Accounts are allowed to go into an overdraft balance with an officers approval. Accounts can have an overdraft limit that will automatically put them in a negative balance	133540 - 133597	When an account becomes overdrawn, the balance is moved from the DD account GL to the overdraft GL by the system.	daily	Overdraft Report		CFO & INTERNAL AUDITOR
LOAN FEES		Late charges are system generated, service & prepayment fees are manual	420000 - 420298	When payment is made on loan, fees are posted to proper GL account	daily	EOM Balance Sheet		LOAN SUPERVISOR

LOAN PAYABLES		Loan fees that are collected in advance and paid later.	247000 - 249097	collected when payment is made and paid by AP or L&D check at later date	frequently			LOAN SUPERVISOR
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DEPOSIT ACCOUNTS AND INTEREST EXPENSE - BARBARA								
COLLECTION ITEMS	Taken by tellers/csr authorized by customer	Customers will bring non-negotiable item in for collection to tellers	112090 - 112996	Tellers make entries to GL if the customer is to get immediate credit	Seldom	EOM totals to CFO/Audit from Customer Service Manager	Online entries or proof tickets by Head Teller/CSR	CSR
RECEIPTS	Customers/Tellers	Monthly statements are System Generated	200125 - 210598; 210700 - 210797	customer transactions to monthly statements	Debits/Credits large volume	EOM Bank Summary, Queries	System Generated to GL	ACCOUNTING MANAGER - CFO
DISBURSEMENTS	System Generated	Interest is accrued by the system and paid at specified time by deposit or check	220000 - 220097	customer transactions to monthly statements	Debits/Credits large volume	EOM Bank Summary, Queries	System Generated to GL	ACCOUNTING MANAGER - CFO
INTEREST EXPENSE/ACCRUED INTEREST	System Generated	Interest is accrued by the system and paid at specified time by deposit or check	500000 - 500398; 220000 - 220097	customer transactions to monthly statements	Debits/Credits large volume	EOM Bank Summary, Queries	System Generated to GL	ACCOUNTING MANAGER - CFO
DEMAND ESCROW	Collected by employees	Collected by employees from customers for money due for taxes, insurance, etc.	200000 - 200055	Money received in form of loan payment, and set aside for later payment of insurance or taxes on loans. Money is sent in check form when due.	Monthly			LOAN SUPERVISOR
GOVERNMENT DEPOSITS	Collected by Employees or system generated due to Government	US Savings Bonds, Backup withholding. Money is collected from customer and paid to government for these items	2000060 - 200095	Money is collected from customer and paid to government for these items. Bonds sent through Fed. Withholding is sent to IRS by ACH. Entries are manual	Daily			ACCOUNTING MANAGER - CFO
DD INCOME (FEES)	System Generated, Employee override with Officer approval	The system generates fees for stops, service charges, dormant, NSF	430000 - 430096	The system generates these fees, employees can override	Daily	EOM Bank Summary, Queries	System Generated to GL	ACCOUNTING MANAGER - CFO

BORROWING AND INTEREST EXPENSE - ANGIE							
ORIGINATION AND PROCEEDS	Initiated by CEO, authorized by BOD	Accounting makes entries	None, any loans held by Holding Company	Accounting makes entries	None at this time		PRESIDENT/CEO, CCO, CFO
REPAYMENTS	Initiated by CEO, authorized by BOD	Accounting makes payments and entries	None, any loans held by Holding Company	Accounting makes payments and entries	None at this time		PRESIDENT/CEO, CCO, CFO
INTEREST EXPENSE, FEES AND OTHER COSTS	Initiated by CEO, authorized by BOD	Accounting makes payments and entries	None, any loans held by Holding Company	Accounting makes payments and entries	None at this time		PRESIDENT/CEO, CCO, CFO
FED FUNDS PURCHASED	Initiated by Employees, authorized by officer	Manual entry by Customer Service department	210600 - 210698	Customer Service fills out form to request funds and has officer sign. The form is faxed to appropriate bank and funds are deposited to our account. Entry is done manually by Customer Service to GL	None at this time	EOM Bank Summary, Queries	PRESIDENT/CEO, CCO, CFO

OTHER								
EQUITY AND REGULATORY CAPITAL - ANGIE								
CAPITAL TRANSACTIONS	Initiated by CEO Approved by BOD	BOD approval given to Accounting for entry.	311102	BOD approval given to Accounting for entry.		Queries	Accounting generates queries for Call Report & makes entries to GL	PRESIDENT/CEO
DIVIDENDS	Initiated by CEO Approved by BOD	BOD approval given to Accounting for entry.	332306	BOD approval given to Accounting for entry.		Queries	Accounting generates queries for Call Report & makes entries to GL	PRESIDENT/CEO
REGULATORY CAPITAL REPORTING		Accounting generates Queries for Call Report	389999	Accounting generates Queries for Call Report		Risk Analysis Reg F, Queries	Accounting generates queries for Call Report & makes entries to GL	ACCOUNTING MANAGER
OTHER								
OTHER NON-INTEREST INCOME/EXPENSE - BARBARA								
FEES	Pre-set fee arrangements for various products and services	Cash is collected when product or service sold, manually posted to GL by employee	431090 - 499998	Cash is collected when product or service sold, manually posted to GL by employee	daily			ACCOUNTING MANAGER
OTHER SPECIFY								

BASED ON THE CAT INHERENT RISK PROFILE QUANTITY OF RISK IS	LOW
BASED ON THE CAT MATURITY LEVEL QUANTITY OF RISK IS	STRONG
BASED ON THE CAT MATURITY LEVEL AGGREGATE RISK IS	LOW
BASED ON THE CAT MATURITY LEVEL THE DIRECTION OF RISK IS	STABLE

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Technologies and Connection Types	TC.1 - Total number of Internet service provider (ISP) connections (including branch connections)	No connections	Minimal complexity (1–20 connections)	Moderate complexity (21–100 connections)	Significant complexity (101–200 connections)	Substantial complexity (>200 connections)	Minimal	
Technologies and Connection Types	TC.2 - Unsecured external connections, number of connections not users (e.g., file transfer protocol (FTP), Telnet, rlogin)	None	Few instances of unsecured connections (1–5)	Several instances of unsecured connections (6–10)	Significant instances of unsecured connections (11–25)	Substantial instances of unsecured connections (>25)	Least	
Technologies and Connection Types	TC.3 - Wireless network access	No wireless access	Separate access points for guest wireless and corporate wireless	Guest and corporate wireless network access are logically separated; limited number of users and access points (1–250 users; 1–25 access points)	Wireless corporate network access; significant number of users and access points (251–1,000 users; 26–100 access points)	Wireless corporate network access; all employees have access; substantial number of access points (>1,000 users; >100 access points)	Least	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Technologies and Connection Types	TC.4 - Personal devices allowed to connect to the corporate network	None	Only one device type available; available to <5% of employees (staff, executives, managers); e-mail access only	Multiple device types used; available to <10% of employees (staff, executives, managers) and board; e-mail access only	Multiple device types used; available to <25% of authorized employees (staff, executives, managers) and board; e-mail and some applications accessed	Any device type used; available to >25% of employees (staff, executives, managers) and board; all applications accessed	Minimal	
Technologies and Connection Types	TC.5 - Third parties, including number of organizations and number of individuals from vendors and subcontractors, with access to internal systems (e.g., virtual private network, modem, intranet, direct connection)	No third parties and no individuals from third parties with access to systems	Limited number of third parties (1-5) and limited number of individuals from third parties (<50) with access; low complexity in how they access systems	Moderate number of third parties (6-10) and moderate number of individuals from third parties (50-500) with access; some complexity in how they access systems	Significant number of third parties (11-25) and significant number of individuals from third parties (501-1,500) with access; high level of complexity in terms of how they access systems	Substantial number of third parties (>25) and substantial number of individuals from third parties (>1,500) with access; high complexity in how they access systems	Minimal	
Technologies and Connection Types	TC.6 - Wholesale customers with dedicated connections	None	Few dedicated connections (between 1-5)	Several dedicated connections (between 6-10)	Significant number of dedicated connections (between 11-25)	Substantial number of dedicated connections (>25)	Least	
Technologies and Connection Types	TC.7 - Internally hosted and developed or modified vendor applications supporting critical activities	No applications	Few applications (between 1-5)	Several applications (between 6-10)	Significant number of applications (between 11-25)	Substantial number of applications and complexity (>25)	Least	
Technologies and Connection Types	TC.8 - Internally hosted, vendor-developed applications supporting critical activities	Limited applications (0-5)	Few applications (6-30)	Several applications (31-75)	Significant number of applications (76-200)	Substantial number of applications and complexity (>200)	Least	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Technologies and Connection Types	TC.9 - User-developed technologies and user computing that support critical activities (includes Microsoft Excel spreadsheets and Access databases or other user-developed tools)	No user-developed technologies	1–100 technologies	101–500 technologies	501–2,500 technologies	>2,500 technologies	Minimal	
Technologies and Connection Types	TC.10 - End-of-life (EOL) systems	No systems (hardware or software) that are past EOL or at risk of nearing EOL within 2 years	Few systems that are at risk of EOL and none that support critical operations	Several systems that will reach EOL within 2 years and some that support critical operations	A large number of systems that support critical operations at EOL or are at risk of reaching EOL in 2 years	Majority of critical operations dependent on systems that have reached EOL or will reach EOL within the next 2 years or an unknown number of systems that have reached EOL	Minimal	
Technologies and Connection Types	TC.11 - Open Source Software (OSS)	No OSS	Limited OSS and none that support critical operations	Several OSS that support critical operations	Large number of OSS that support critical operations	Majority of operations dependent on OSS	Least	
Technologies and Connection Types	TC.12 - Network devices (e.g., servers, routers, and firewalls; include physical and virtual)	Limited or no network devices (<250)	Few devices (250–1,500)	Several devices (1,501–25,000)	Significant number of devices (25,001–50,000)	Substantial number of devices (>50,000)	Least	
Technologies and Connection Types	TC.13 - Third-party service providers storing and/or processing information that support critical activities (Do not have access to internal systems, but the institution relies on their services)	No third parties that support critical activities	1–25 third parties that support critical activities	26–100 third parties that support critical activities	101–200 third parties that support critical activities; 1 or more are foreign-based	>200 third parties that support critical activities; 1 or more are foreign-based	Minimal	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Technologies and Connection Types	TC.14 - Cloud computing services hosted externally to support critical activities	No cloud providers	Few cloud providers; private cloud only (1–3)	Several cloud providers (4–7)	Significant number of cloud providers (8–10); cloud-provider locations used include international; use of public cloud	Substantial number of cloud providers (>10); cloud-provider locations used include international; use of public cloud	Minimal	
Delivery Channels	DC.1 - Online presence (customer)	No Web-facing applications or social media presence	Serves as an informational Web site or social media page (e.g., provides branch and ATM locations and marketing materials)	Serves as a delivery channel for retail online banking; may communicate to customers through social media	Serves as a delivery channel for wholesale customers; may include retail account origination	Internet applications serve as a channel to wholesale customers to manage large value assets	Moderate	
Delivery Channels	DC.2 - Mobile presence	None	SMS text alerts or notices only; browser-based access	Mobile banking application for retail customers (e.g., bill payment, mobile check capture, internal transfers only)	Mobile banking application includes external transfers (e.g., for corporate clients, recurring external transactions)	Full functionality, including originating new transactions (e.g., ACH, wire)	Most	
Delivery Channels	DC.3 - Automated Teller Machines (ATM) (Operation)	No ATM services	ATM services offered but no owned machines	ATM services managed by a third party; ATMs at local and regional branches; cash reload services outsourced inhouse.	ATM services managed internally; ATMs at U.S. branches and retail locations; cash reload services outsourced	ATM services managed internally; ATM services provided to other financial institutions; ATMs at domestic and international branches and retail locations; cash reload services managed internally	Moderate	
Online/Mobile Products and Technology Services	OM.1 - Issue debit or credit cards	Do not issue debit or credit cards	Issue debit and/or credit cards through a third party; <10,000 cards outstanding	Issue debit or credit cards through a third party; between 10,000–50,000 cards outstanding	Issue debit or credit cards directly; between 50,000–100,000 cards outstanding	Issue debit or credit cards directly; >100,000 cards outstanding; issue cards on behalf of other financial institutions	Minimal	
Online/Mobile Products and Technology Services	OM.2 - Prepaid cards	Do not issue prepaid cards	Issue prepaid cards through a third party; <5,000 cards outstanding	Issue prepaid cards through a third party; 5,000–10,000 cards outstanding	Issue prepaid cards through a third party; 10,001–20,000 cards outstanding	Issue prepaid cards internally, through a third party, or on behalf of other financial institutions; >20,000 cards outstanding	Least	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Online/Mobile Products and Technology Services	OM.3 - Emerging payments technologies (e.g., digital wallets, mobile wallets)	Do not accept or use emerging payments technologies	Indirect acceptance or use of emerging payments technologies (customer use may affect deposit or credit account)	Direct acceptance or use of emerging payments technologies; partner or co-brand with non-bank providers; limited transaction volume	Direct acceptance or use of emerging payments technologies; small transaction volume; no foreign payments	Direct acceptance of emerging payments technologies; moderate transaction volume and/or foreign payments	Least	
Online/Mobile Products and Technology Services	OM.4 - Person-to-person payments (P2P)	Not offered	Customers allowed to originate payments; used by <1,000 customers or monthly transaction volume is <50,000	Customers allowed to originate payments; used by 1,000–5,000 customers or monthly transaction volume is between 50,000–100,000	Customers allowed to originate payments; used by 5,001–10,000 customers or monthly transaction volume is between 100,001–1 million	Customers allowed to request payment or to originate payment; used by >10,000 customers or monthly transaction volume >1 million	Minimal	Apple Pay
Online/Mobile Products and Technology Services	OM.5 - Originating ACH payments	No ACH origination	Originate ACH credits; daily volume <3% of total assets	Originate ACH debits and credits; daily volume is 3%–5% of total assets	Sponsor third-party payment processor; originate ACH debits and credits with daily volume 6%–25% of total assets	Sponsor nested third-party payment processors; originate debits and credits with daily volume that is >25% of total assets	Minimal	
Online/Mobile Products and Technology Services	OM.6 - Originating wholesale payments (e.g., CHIPS)	Do not originate wholesale payments	Daily originated wholesale payment volume <3% of total assets	Daily originated wholesale payment volume 3%–5% of total assets	Daily originated wholesale payment volume 6%–25% of total assets	Daily originated wholesale payment volume >25% of total assets	Least	
Online/Mobile Products and Technology Services	OM.7 - Wire transfers	Not offered	In person wire requests only; domestic wires only; daily wire volume <3% of total assets	In person, phone, and fax wire requests; domestic daily wire volume 3%–5% of total assets; international daily wire volume <3% of total assets	Multiple request channels (e.g., online, text, e-mail, fax, and phone); daily domestic wire volume 6%–25% of total assets; daily international wire volume 3%–10% of total assets	Multiple request channels (e.g., online, text, e-mail, fax, and phone); daily domestic wire volume >25% of total assets; daily international wire volume >10% of total assets	Moderate	
Online/Mobile Products and Technology Services	OM.8 - Merchant remote deposit capture (RDC)	Do not offer Merchant RDC	<100 merchant clients; daily volume of transactions is <3% of total assets	100–500 merchant clients; daily volume of transactions is 3%–5% of total assets	501–1,000 merchant clients; daily volume of transactions is 6%–25% of total assets	>1,000 merchant clients; daily volume of transactions is >25% of total assets	Minimal	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Online/Mobile Products and Technology Services	OM.9 - Global remittances	Do not offer global remittances	Gross daily transaction volume is <3% of total assets	Gross daily transaction volume is 3%–5% of total assets	Gross daily transaction volume is 6%–25% of total assets	Gross daily transaction volume is >25% of total assets	Least	
Online/Mobile Products and Technology Services	OM.10 - Treasury services and clients	No treasury management services are offered	Limited services offered; number of clients is <1,000	Services offered include lockbox, ACH origination, and remote deposit capture; number of clients is between 1,000–10,000	Services offered include accounts receivable solutions and liquidity management; number of clients is between 10,001–20,000	Multiple services offered including currency services, online investing, and investment sweep accounts; number of clients is >20,000	Least	
Online/Mobile Products and Technology Services	OM.11 - Trust services	Trust services are not offered	Trust services are offered through a third-party provider; assets under management total <\$500 million	Trust services provided directly; portfolio of assets under management total \$500 million–\$999 million	Trust services provided directly; assets under management total \$1 billion–\$10 billion	Trust services provided directly; assets under management total >\$10 billion	Least	
Online/Mobile Products and Technology Services	OM.12 - Act as a correspondent bank (Interbank transfers)	Do not act as a correspondent bank	Act as a correspondent bank for <100 institutions	Act as a correspondent bank for 100–250 institutions	Act as a correspondent bank for 251–500 institutions	Act as a correspondent bank for >500 institutions	Least	
Online/Mobile Products and Technology Services	OM.13 - Merchant acquirer (sponsor merchants or card processor activity into the payment system)	Do not act as a merchant acquirer	Act as a merchant acquirer; <1,000 merchants	Act as a merchant acquirer; outsource card payment processing; 1,000–10,000 merchants	Act as a merchant acquirer and card payment processor; 10,001–100,000 merchants	Act as a merchant acquirer and card payment processor; >100,000 merchants	Least	
Online/Mobile Products and Technology Services	OM.14 - Host or provide IT services for affiliated organizations	Do not provide IT services for other organizations	Host IT services for other organizations (either through joint systems or administrative support)	Host or provide IT services for up to 25 unaffiliated organizations	Host or provide IT services for 26–50 unaffiliated organizations	Host or provide IT services for >50 unaffiliated organizations	Least	
Organizational Characteristics	OC.1 - Mergers and acquisitions (including divestitures and joint ventures)	None planned	Open to initiating discussions or actively seeking a merger or acquisition	In discussions with at least 1 party	A sale or acquisition has been publicly announced within the past year, in negotiations with 1 or more parties	Multiple ongoing integrations of acquisitions are in process	Least	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
Organizational Characteristics	OC.2 - Direct employees (including information technology and cybersecurity contracted)	Number of employees totals <50	Number of employees totals 50–2,000	Number of employees totals 2,001–10,000	Number of employees totals 10,001–50,000	Number of employees is >50,000	Least	
Organizational Characteristics	OC.3 - Changes in IT and information security staffing	Key positions filled; low or no turnover of personnel	Staff vacancies exist for non-critical roles	Some turnover in key or senior positions	Frequent turnover in key staff or senior positions	Vacancies in senior or key positions for long periods; high level of employee turnover in IT or information security	Least	
Organizational Characteristics	OC.4 - Privileged access (Administrators–network, database, applications, systems, etc.)	Limited number of administrators; limited or no external administrators	Level of turnover in administrators does not affect operations or activities; may utilize some external administrators	Level of turnover in administrators affects operations; number of administrators for individual systems or applications exceeds what is necessary	High reliance on external administrators; number of administrators is not sufficient to support level or pace of change	High employee turnover in network administrators; many or most administrators are external (contractors or vendors); experience in network administration is limited	Least	
Organizational Characteristics	OC.5 - Changes in IT environment (e.g., network, infrastructure, critical applications, technologies supporting new products or	Stable IT environment	Infrequent or minimal changes in the IT environment	Frequent adoption of new technologies	Volume of significant changes is high	Substantial change in outsourced provider(s) of critical IT services; large and complex changes to the environment occur frequently	Minimal	
Organizational Characteristics	OC.6 - Locations of branches/business presence	1 state	1 region	1 country	1–20 countries	>20 countries	Least	
Organizational Characteristics	OC.7 - Locations of operations/data centers	1 state	1 region	1 country	1–10 countries	>10 countries	Least	

Category	Risk	Least	Minimal	Moderate	Significant	Most	Answer	Comments
External Threats	ET.1 - Attempted cyber attacks	No attempted attacks or reconnaissance	Few attempts monthly (<100); may have had generic phishing campaigns received by employees and customers	Several attempts monthly (100–500); phishing campaigns targeting employees or customers at the institution or third parties supporting critical activities; may have experienced an attempted Distributed Denial of Service (DDoS) attack within the last year	Significant number of attempts monthly (501–100,000); spear phishing campaigns targeting high net worth customers and employees at the institution or third parties supporting critical activities; Institution specifically is named in threat reports; may have experienced multiple attempted DDoS attacks within the last year	Substantial number of attempts monthly (>100,000); persistent attempts to attack senior management and/or network administrators; frequently targeted for DDoS attacks	Minimal	
Average							Least	

Updated: 8-2020

Insurance Assessment

Insurance is a means of protection from financial loss. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. Risk management, which includes insurance coverage, is intended to minimize the costs associated with assuming certain types of risk and providing prudent protection. It deals with pure risks that are characterized by chance occurrence and that may only result in a financial loss. Risk management does not address speculative risks that afford the opportunity for either financial gain or loss.

Pure risks can be separated into three major categories: property, liability, and personnel. The most commonly known property risk relates to loss of real property from fire or other natural causes. This category also includes the loss of any bank asset, including currency, securities, or records. Property risk also includes indirect expenses that result from property loss, such as relocating to temporary facilities or loss of business while repairing facilities. These indirect costs often are as significant as the actual loss of property. Liability risk includes suits resulting from injury or death of both employees and the public, suits alleging official misconduct, and individual or class action suits alleging mistreatment or violation of law or regulation. All phases of a bank's operation are susceptible to liability risks. The third category, personnel risk, concerns those risks associated with the loss of key personnel. This risk is often more pronounced in small and medium-sized banks that lack plans for management continuity.

Completed by:

Angie Barger, Barbara McCullough, & Kim Johns

9/30/2020

Consider both the Quantity of Insurance Risk and the Quality of Insurance Risk Management

Quantity of Insurance Risk is:

Low	Moderate	High	Comments
			The bank maintains sufficient coverage and controls. The bank also maintains high levels of capital to cover unanticipated deficiencies.

Quality of Insurance Risk Management is:

Strong	Satisfactory	Weak	Comments
			The bank maintains sufficient coverage and controls. The bank also maintains high levels of capital to cover unanticipated deficiencies.

Aggregate Insurance Risk is:

Low	Moderate	High	Comments
			The bank maintains sufficient coverage and controls. The bank also maintains high levels of capital to cover unanticipated deficiencies.

The Direction is expected to be:

Decreasing	Stable	Increasing	Comments
			The bank is sufficiently covered and risk is well managed and stable.

The Quantity of Insurance Risk is:

Low	Moderate	High	Comments
The bank has had no dishonest, fraudulent, or criminal acts committed against it or its employees by the general public during the last 12 months.	The bank has had minimal dishonest, fraudulent, or criminal acts committed against it or its employees by the general public during the last 12 months.	The bank has had several dishonest, fraudulent, or criminal acts committed against it or its employees by the general public during the last 12 months.	Fraud Falcon is a 24 hour monitoring of debit card activity with various rules and blocks that can be placed to protect the customers and the bank.
The bank has maintained vaults safes, reliable alarm systems and other security devices which meet/exceed the requirements of 12 CFR 326 of the FDICs Rules & Requirements.	The bank has maintained vaults safes, reliable alarm systems and other security devices which meet the minimum requirements of 12 CFR 326 of the FDICs Rules & Requirements.	Vaults safes, reliable alarm systems and other security devices do not meet the requirements of 12 CFR 326 of the FDICs Rules & Requirements. Maintenance of these assets is sporadic or non-existent.	All current vaults, safes, alarm systems and security equipment meet or exceed the requirements of 12 CFR 326.
The bank has clearly defined cash and negotiable instrument inventory limits. These items are maintained under dual control. Cash levels are maintained and monitored not to exceed insurance limits.	The bank has informal cash and negotiable instrument inventory limits. These items are may or may not be under dual control.	The bank has no cash and negotiable instrument inventory limits. These items are not under dual control.	Cash limits are defined for each teller drawer, ATM, vault, and safes. All are maintained under dual control until issued. Cash levels are maintained and monitored not to exceed insurance limits.
The bank has clearly defined records and maintains effective systems of internal routine and controls which are communicated to staff at all levels at least annually.	The bank has informal records and systems of internal routine and controls which are communicated to staff at all levels at least annually.	The bank has no records and systems of internal routine and controls. Staff are unaware of any internal routines or controls.	Segregation of duties and dual control are delineated in policies and procedures throughout the bank. Annually staff are required to read/sign off knowledge of policies/procedures.
The bank has a fixed asset inventory and provides scheduled maintenance and repairs including building and grounds maintenance and repairs.	The bank provides maintenance and repairs including building and grounds maintenance and repairs on an as needed basis.	The bank provides no maintenance and repairs including building and grounds maintenance and repairs.	The bank has a fixed asset inventory maintained by a CPA firm which conducts the EOY external audit. Contracts in place for fixed assets with scheduled maintenance & repair. Building and grounds are maintained/repared as needed. Hurricane Michael damage from 10-10-18 caused the replacement of most of the contents at the Main Office and extensive repairs to the building. Insurance limits were increased.
The bank has had no bond claims filed within the last 12 months. There was no capital shortfall resulting from bond claims.	The bank has had minimal bond claims filed within the last 12 months. There was no significant capital shortfall resulting from bond claims.	The bank has had numerous bond claims filed within the last 12 months. There was significant capital shortfall resulting from bond claims.	None since May 2018
The bank monitors expiration dates of all insurance policies. The bank renews or obtains new coverage prior to expiration.	The bank monitors policies but coverage may lapse prior to renewal or enforcement of new coverage.	The bank does not monitors policies and coverage has lapsed prior to renewal or enforcement of new coverage.	The insurance committee appointed by the board reviews/renews insurance policies prior to expiration.

The Quality of Insurance Risk Management is:

Strong	Satisfactory	Weak	Comments
Established written insurance guidelines provide for a determination of risks the bank should assume (self insure) or transfer (purchase insurance) at least annually.	Informal insurance guidelines provide for a determination of risks the bank should assume (self insure) or transfer (purchase insurance) at least annually.	No insurance guidelines provide for a determination of risks the bank should assume (self insure) or transfer (purchase insurance) at least annually.	The bank utilizes written Fidelity Bond and Insurance Coverage Procedures which are reviewed/updated annually.
Established written insurance guidelines provide for periodic appraisals of major fixed assets to be insured	Informal insurance guidelines provide for periodic appraisals of major fixed assets to be insured	No insurance guidelines provide for periodic appraisals of major fixed assets to be insured	Appraisal of major fixed assets to be insured are obtained as needed. Hurricane Michael damage from 10-10-18 caused the replacement of most of the contents at the Main Office and extensive repairs to the building
Established written insurance guidelines provide for credit or financial analysis of the insurance companies who have issued policies to the bank.	Informal insurance guidelines provide for credit or financial analysis of the insurance companies who have issued policies to the bank.	No insurance guidelines provide for credit or financial analysis of the insurance companies who have issued policies to the bank.	Formal credit or financial analysis has not been completed on the insurance companies who have issued policies to the bank. However, the insurance companies utilized (for example - Travelers) are some of the largest most reputable insurance providers.
Established operating procedures for filing fidelity bonding claims that include taking prompt action when fraudulent activity is suspected to avoid further losses after what may later be regarded by the insurer as the date of discovery.	Informal operating procedures for filing fidelity bonding claims that include taking prompt action when fraudulent activity is suspected to avoid further losses after what may later be regarded by the insurer as the date of discovery.	No operating procedures for filing fidelity bonding claims no guidelines for taking prompt action when fraudulent activity is suspected to avoid further losses.	Procedures are not written however - Claims management has been handled by the EVP/CFO for the last 18 years and is begun as soon as practical after incident-most often the same day as the incident. Hurricane Michael damage from 10-10-18 caused the replacement of most of the contents at the Main Office and extensive repairs to the building.
Established operating procedures for filing fidelity bonding claims that include considering obtaining the advice and assistance of legal counsel, consultants, or accountants in filing claims.	Informal operating procedures for filing fidelity bonding claims that include considering obtaining the advice and assistance of legal counsel, consultants, or accountants in filing claims.	No operating procedures for filing fidelity bonding claims no consideration of obtaining the advice and assistance of legal counsel, consultants, or accountants in filing claims.	Procedures are not written however - Claims management has been handled by the EVP/CFO for the last 18 years. The insurance committee will utilize all advice and assistance necessary in filing claims.
Established operating procedures for filing fidelity bonding claims that include ensuring adherence with insurance policy filing and notification requirements.	Informal operating procedures for filing fidelity bonding claims that include ensuring adherence with insurance policy filing and notification requirements.	No operating procedures for filing fidelity bonding claims - no adherence with insurance policy filing and notification requirements.	Procedures are not written however - Claims management has been handled by the EVP/CFO for the last 18 years -ensuring adherence with filing and notification requirements.
Established operating procedures for filing fidelity bonding claims that include allocating human and monetary resources as warranted by the significance of the claim.	Informal operating procedures for filing fidelity bonding claims that include allocating human and monetary resources as warranted by the significance of the claim.	No operating procedures for filing fidelity bonding claims no conderation of allocating human and monetary resources as warranted by the significance of the claim.	Claims management is handled by the EVP/CFO. If necessary, additional staff is available for assistance. With the limited claims filed historically this has not been necessary.

Strong	Satisfactory	Weak	Comments
Established operating procedures for filing fidelity bonding claims that include ensuring adequate monitoring and follow-up after the claim is filed.	Informal operating procedures for filing fidelity bonding claims that include ensuring adequate monitoring and follow-up after the claim is filed.	No operating procedures for filing fidelity bonding claims disregard of adequate monitoring and follow-up after the claim is filed.	Monitoring and follow-up is handled by the EVP/CFO with the assistance of the Accounting Manager.
The bank has a risk manager who is responsible for risk management/control and/or the bank has appointed an insurance committee to manage the insurance function.	The bank has not appointed a risk manager who is responsible for risk control-but has an officer who handles risk management and the insurance function.	The bank has no one who handles risk management and the insurance function.	The Board of Directors has appointed the President/CEO as the Risk Officer of the bank. In addition, the Board appointed an insurance committee and an enterprise risk (ERM) committee to evaluate insurance needs and assess risk.
The bank uses the services of a professionally knowledgeable insurance agent or broker to assist in selecting and providing advice on alternative means of providing insurance coverage.	The bank does not use the services of a professionally knowledgeable insurance agent or broker to assist in selecting and providing advice on alternative means of providing insurance coverage.	The bank does not research alternative means of providing insurance coverage.	The bank utilizes the services of a professional & knowledgeable insurance broker-Fisher Brown. Several times over the past years requests for proposals have been submitted to various other insurance brokers. Fisher Brown attempts to obtain a minimum of three bids from different insurance providers for review & comparison.
The bank's security officer coordinates activities with the risk manager.	The bank's security officer may coordinate activities with the risk manager.	The bank's security officer operates independently of the activities of the risk manager.	The EVP/CFO is the board appointed Security Officer. The Security Officer works closely with the Risk Officer to coordinate activities since both are members of the Insurance Committee & the ERM Committee.
The bank maintains a concise, easily referenced schedule of existing insurance coverage.	The bank maintains records of existing insurance coverage.	The bank maintains no records of existing insurance coverage.	A Memo of Insurance (schedule) is obtained at least annually of existing insurance coverage-which is presented to the Board of Directors.
The bank maintains records, by type of risk, to facilitate an analysis of the bank experience in costs, claims, losses, and settlements under the various insurance policies in force.	The bank maintains sporadic records which may include type of risk, to facilitate an analysis of the bank experience in costs, claims, losses, and settlements under the various insurance policies in force.	The bank maintains no records to facilitate an analysis of the bank experience in costs, claims, losses, and settlements under the various insurance policies in force.	Costs of insurance are maintained and updated with each renewal date during the year - Historically the bank has not suffered many claims, losses or settlements-this information is reviewed by the insurance committee and the board.
Complete schedule of insurance coverage is presented to the board of directors frequently or at least annually, for their review.	Minimal insurance coverage information is presented to the board of directors, at least annually, for their review.	Insurance coverage information is not presented to the board of directors for their review.	The Memo of Insurance is presented at least annually to the board of directors. Updated information is provided frequently.

FIRST NATIONAL BANK NORTHWEST FLORIDA CHARGE OFF/CHARGE DOWN AND LOSSES FORM

DATE of CHARGE-OFF: December 31, 2020

NAME OF CUSTOMER: DARREN MILNER

ADDRESS: 5272 CREWS LAKE ROAD, EBRO FL 32437

OCCUPATION:

<input checked="" type="checkbox"/> DEMAND DEPOSIT ACCOUNT	ACCOUNT NUMBER: <u>4201190806</u>
	DATE OF OVERDRAFT: <u>November 16, 2020</u>
	AMOUNT OF OVERDRAFT: <u>\$ 475.64</u>

ALLOCATION:

Amount to be Charged to ALLL Reserve: \$ 385.64 CHARGE OFFS - OVERDRAFTS GL# 140250

Briefly explain what happened:

Customer had Reg E claim that he did not receive cash from ATM on 10/16/20. Customer was given provisional credit. Charge back was denied. Customer agreed to provide police report and video proof that he did not receive the cash. He did not provide this proof and futher withdrew his account with Debit card purchases.

Action to be Taken: (collectable or uncollectable)

Uncollectable

Officer Approval *Theresa Blum* Date 12/1/2020

Executive Officer Approval *Barbara McCall* Date 12/2/2020

Board of Directors Approval _____ Date _____

FIRST NATIONAL BANK NORTHWEST FLORIDA

CHARGE OFF/CHARGE DOWN AND LOSSES FORM

DATE of CHARGE-OFF: December 18, 2020

NAME OF CUSTOMER: CHASITY GONZALEZ

ADDRESS:: 9725 FRONT BEACH ROAD #225, PANAMA CITY BEACH FL 32407

OCCUPATION:

XX DEMAND DEPOSIT ACCOUNT

ACCOUNT NUMBER: 3201467206

DATE OF OVERDRAFT: November 9, 2020

AMOUNT OF OVERDRAFT: \$ 80.13

ALLOCATION:

Amount to be Charged to ALLL Reserve: \$ 50.13 CHARGE OFFS - OVERDRAFTS GL# 140250

Briefly explain what happened:

Debit card transactions charge account into overdrafty by 50.13. Additional OD Privilege fee of 30.00

Action to be Taken: (collectable or uncollectable)

Uncollectable

Officer Approval

Date 12-1-20

Executive Officer Approval

Date 12-2-2020

Board of Directors Approval

Date

FIRST NATIONAL BANK NORTHWEST FLORIDA

CHARGE OFF/CHARGE DOWN AND LOSSES FORM

DATE of CHARGE-OFF: December 18, 2020

NAME OF CUSTOMER: CHIONESO CARTER

ADDRESS:: 1309 GRACE AVENUE PANAMA CITY FL 32401

OCCUPATION:

XX DEMAND DEPOSIT ACCOUNT

ACCOUNT NUMBER: 3201442506

DATE OF OVERDRAFT: October 30, 2020

AMOUNT OF OVERDRAFT: \$ 23.73

ALLOCATION:

Amount to be Charged to ALLL Reserve: \$ 20.73 CHARGE OFFS - OVERDRAFTS GL# 140250

Briefly explain what happened:

25.00 POS purchase caused a 20.73 overdraft on 10/30. Monthly service charge was an additional 3.00

Action to be Taken: (collectable or uncollectable)

Officer Approval

[Signature]

Date 12-1-20

Executive Officer Approval

Barbara McCallister

Date 12-2-20

Board of Directors Approval _____

Date _____

**FIRST NATIONAL BANK NORTHWEST FLORIDA
ALCO - INVESTMENT COMMITTEE MEETING**

November 19, 2020

Present: Angie M Barger, Kim M Johns, Barbara A McCullough, and Al P Qualls Jr.

The Investment Committee was called to order.

Minutes from the previous meeting were read and approved.

IRR Reports Price Increase: Empyrean Solutions acquired FiCast Data in January 2019 and the bank was recently notified of a 5% price increase effective January 2021. The cost will increase from \$2,250.00 per quarter to \$2,362.50 per quarter (\$450.00 per year) for the IRR reports the bank normally receives (Dynamic and Static).

Ratios/Reports Memo to Board September 30, 2020: The committee reviewed the report which updates the Board of Directors on effects of Hurricane Michael and Covid-19 on various ratios/reports. Since the Hurricane Oct 10, 2018 there has been an increase (surge) in deposits and a decrease in loan balances primarily due to insurance payments/sales of real estate and an increase in the amount being held with the Federal Reserve. Even two years after the Hurricane, the bank has continued to have increases in deposits. Several ratios are outside of normal policy, ranges or goals and the IRR (Interest Rate Risk) report has been affected also. Several articles were reviewed showing projections for the recovery of the area. NSA Naval Support Activity projected to be two to three years and TAFB Tyndall Air Force Base projected to be five to seven years. Panama City is projecting ten years to replace aging infrastructure. The 2020 Census may also have a ten-year negative effect on the area as the recorded decrease in population after the storm will result in lower state and federal grant funding to rebuild. The Bay Economic Development Alliance (BAY EDA) reports indicate a population of 175,075 with 14% below poverty level, 26,312 with no Health Insurance, and a median income of \$53,244. Bay County unemployment rate for September was 4.6%

IRR Memo to Board September 30, 2020: A memo was prepared to be given to the Board at their next meeting concerning the 09/30/20 IRR report which was adjusted for surge deposits. There were several ratios deviating from normal policy, ranges, or goals. These deviations coincide with the surge in deposits from Hurricane Michael that are primarily in Non-Maturity Deposits, the drop in loan balances due to payoffs primarily from insurance payments/sales of real estate, and the increased amount being held with the Federal Reserve. We anticipate these deviations from the normal policy will continue as repair and rebuilding take place in the area. We do not anticipate the surge deposits decreasing in volume until repairs and rebuilding have been completed or possibly until full recovery in the area. The committee therefore created a separate line item where the Surge Deposits were delineated in the IRR report. A weighted average rate was calculated, the Beta was set to 0.50 and the decay term was shortened to 5 months. The 09/30/20 IRR report was produced and the Assumptions and Summary reports for Strategy and Static along with the Executive Summary will be submitted to the board at their next meeting.

Regulation F Ratios: The committee reviewed the Regulation F Ratios report which indicates Quarter-ending September 30, 2020. The report also shows historical information for the prior three quarter-end.

OCC Semiannual Risk Perspective Fall 2020: The committee reviewed the report from the OCC National Risk Committee which presents key issues facing banks. The report highlights significant ongoing financial risk due to the COVID-19 pandemic. Bank profitability levels are stressed due to low interest rates and increasing levels of problem loans. Key Risk Themes are Credit Risk, Strategic Risk, Operational Risk, and Compliance Risk.

Public Option for Banking Bill: November 2, 2020 a bill was introduced in the house "Public Banking Act" which would foster the creation of public banks across the county.

FOMC-Federal Open Market Committee: The committee reviewed a press release stating the FOMC intends to maintain the target range for federal funds rate at 0% to 0.25%. The IOER (Interest on Excess Reserves) rate has been maintained at 0.10% since March 2020 and is projected to continue.

Bank Comparison Data and Economic Data – Various Sources: The committee reviewed bank data comparisons and various articles on economic data from various sources. These included articles specific to the Economic impact of COVID-19.

Historic Balance Sheet 2015 thru 2020: This spreadsheet utilizes Average Balances and depicts changes in balance sheet/profit-loss composition. The largest change in the balance sheet has been the increase Asset Size & Composition (\$71.7 million) especially in Due-From-Interest-Bearing Bank balances and Due-From-CDs. In comparison of current year to prior year: Average Assets have increased by \$8.8 Million. Total Cash & Due-From increased by \$6.9 Million and Net Loans increased by \$2.7 Million. Average Deposits increased from prior year by \$7.6 Million - Average Capital increased by almost \$1.2 Million. Average Monthly Net Interest Income has decreased \$60,336.14 Thousand with a large portion of this related to Investments (\$66 Thousand) and Loans (\$45 Thousand) not including Provision for Loan Loss (\$0.00) and Average Interest Expense also decreased (\$51 Thousand). Average Monthly Total Non-Interest Income decreased by \$411.42 and Average Monthly Non-Interest Expense increased by over \$16 Thousand. Average Monthly Net Income decreased by \$76,881.99. The committee also reviewed a report showing monthly and YTD with averages figures for the balance sheet and income/expense statement.

Total Deposits Change 2007-2020: Next the committee reviewed a report showing monthly changes in deposits for the years 2007 through 2020 - showing both dollar volume and percentage of change. There are sometimes significant fluctuations month to month, especially during summer months of March thru Aug. The pandemic has affected the local tourism economy and the bank is monitoring the effect on bank customers. Deposits have also increased with the corresponding PPP Loans made in April, May & June. YTD 2020 shows an average increase of 1,452,983.72 or 0.94% and 2007-2020 overall average change in deposits is an increase of \$423,625.41 or less than 1% (0.28%).

Total Loans Change 2007-2020: Next the committee reviewed a report showing monthly changes in Total Loans for the years 2007 through 2020 showing both dollar volume and percentage of change. The pandemic has affected the local tourism economy and the bank is monitoring the effect on bank customers. Actual Loans decreased following Hurricane Michael, the committee continues to discuss this prepayment/payoff of loans which appear to be related to insurance settlements and sales of real estate after the storm. Loans increased in April, May, & June with the SBA PPP loans by over \$12 Million. The committee will continue to monitor loans. YTD 2020 shows an average increase of \$520,786.28 or 0.69% and 2007-2020 overall average change in loans is a decrease of (-\$127,751.04) or less than 1% (-0.18%).

Ratio Report – The ratio report was reviewed – noting Past Dues % remained at 0.56% (the majority of which are partially Guaranteed by SBA). Non-Accruals remained the same at 0.27%. No OREO. NIM changed from 2.20% to 2.16% (last year same month was 2.91%). Cost of Funds changed from 0.29% to 0.25% (last year same month was 1.03%). Liquidity Ratio was 62.45% up from 62.39% and the Investments % to Total Assets increased to 63.85% from 63.17% - this is within the ranch of (15% to 60%). Loan to Deposit Ratio changed from 40.89% to 40.60%. The Loan to Deposit Ratio is out of compliance with policy and is a result of a surge in deposits due to Hurricane Michael between October 2018 and current. There has been an increase in loans through the SBA PPP program but also a corresponding increase in deposits with loan proceeds deposited. Due-From FHLB & FED has increased while Due-From-Time-Deposits has decreased. Capital Ratios remain strong. See report for details.

Financial Statement and comparison to budget - it was noted that the overall variance of Current Average MTD to Budget was 6.54% for the Balance Sheet and -9.56% for the Profit/Loss Statement.

ASSETS- Budget Total Assets compared to Actual - \$11,735,657.26 Over budget.

Total Cash & Due From	Over Budget	\$11,397,993.70
Total Investments	Under Budget	\$222,030.88
Total Net Loans	Over Budget	\$568,342.08
Total Property	Under Budget	\$16,667.31
Total Other Assets	Under Budget	\$8,019.67

LIABILITIES & CAPITAL-

Total Deposits Over budget \$11,697,552.96

DDA	Over Budget	\$2,378,840.11
NOW	Over Budget	\$5,344,811.24
MMDA	Over Budget	\$6,149,669.60
SAV	Under Budget	\$425,217.99
CDS <100	Under Budget	\$73,454.88
CDS >100	Under Budget	\$1,677,095.12

Total Other Liabilities Over budget \$129,035.19

Total Capital Under budget \$90,930.89.

Capital Stock	Budget	\$0.00
Surplus	Budget	\$0.00
Undivided Profits	Over Budget	\$148,097.36
Net Unrealized Gain	Under Budget	\$70,250.12
Current Period Earnings	Under Budget	\$168,778.13

INCOME AND EXPENSE

Profit and Loss - Net Income Under budget \$125,864.06.

The major differences:

Total Investment Income	Over Budget	\$30,203.54
Total Loan Income	Under Budget	\$216,907.94
Total Other Income	Under Budget	\$8,587.85

Net Effect Total Income Under Budget \$195,292.25

Total Interest Expense	Under Budget	\$18,096.67
Total Sal/Benefits Expense	Under Budget	\$25,580.07
Total Other Expense	Under Budget	\$25,751.45

Net Effect Total Expense Under Budget \$69,428.19

Non-Interest Income

NON-INTEREST INCOME-OPERATIONS	\$120,787.05
NON-INTEREST INCOME & SERVICING FEES-LOANS	\$28,167.88
TOTAL NON-INTEREST INCOME	\$148,954.93

Non-Interest Expense-Excluding Loan Loss Provision

NON-INTEREST EXPENSE SAL/BEN	\$1,759,284.87
NON-INTEREST EXPENSE OTHER	\$1,090,458.95
TOTAL NON-INTEREST EXPENSE	\$2,849,743.82

NET NON-INTEREST INCOME (EXPENSE): (2,700,788.89)

Check Fraud and Debit Card Losses: The bank has had twenty-nine total cases YTD; twenty-eight debit card cases with a total loss of \$559.00, zero ACH Unauthorized with 0.00 loss, and one check fraud case with loss of zero. Currently there is a total of \$827.21 in disputed transactions awaiting resolution through the charge-back process. CASHAPP transactions were blocked as of 10/31/2020 and the bank has one account with an overdraft related to CASHAPP that has not been recovered and will be charged off in December.

Fraud Monitoring: With the conversion to SHAZAM, our debit card monitoring is now handled by FALCON FRAUD through the core processor SHAZAM – 24-hour monitoring in addition to the SHAZAM BRELLA App available for download by customers with debit cards who may receive immediate text or email notification of transaction activity and can warm their own card if necessary. Falcon Fraud Monitoring has resulted in early detection of numerous cases and savings of \$2,485.02 YTD in 2020 and a total of \$31,702.71 since monitoring started 2015.

Yield Report was reviewed by the committee. Total Interest Earning Assets Yield 2.34% and Total Interest-Bearing Liabilities 0.25%. Net Interest Spread 2.08% and Net Interest Margin 2.16%.

80% Depositors Report – reflects 80% is \$137,864,574.97 out of total deposits \$172,492,127.96. Out of the total 80% depositors, Employees, Officers, Directors & their families account for 14.04% and an additional 1.03% is held by Former Employees, Officers, Directors & their families.

Investments Report- The report reflects book value of total investments of \$119,160,116.70 which is 63.85% of Total Assets - this is outside the benchmark range of 15% to 60%.

The book value of the portfolio is broken down into the following categories:

\$5,230,283.61 - AFS Securities - \$439,862.72 pledged (22 securities <\$6,000 balance)
 \$1,203,413.34 - HTM Securities – \$192,252.25 pledged (4 securities <\$1,400 balance)
 \$89,839,000.00 - Certificates of Deposit with other financial institutions @ 1.165% W AVG Rate
 \$22,887,419.75 - Due from Interest Bearing Bank Balances (FED IOER 0.10% & FHLB 0.05%)

Public Funds: As of September, Public Funds required pledge amount is \$100,000.00. Market value of pledged securities is \$654,075.00. The Quarterly Public Deposit Ranking Letter was received August 20, 2020 and the bank average ranking was 69. The four-quarter average is now 75.25 with the required pledge level at 25%. The amount over-pledged is \$554,075.00.

FED & FHLB Stock: Federal Reserve Stock (FED) (3963 Shares) were \$198,150.00. FED dividend is 6.00%. Federal Home Loan Bank Stock (FHLB) (2394 shares) were \$259,400.00. FHLB dividends change quarterly. Accrual for the Fourth Quarter will be 3.75%.

QUARTER YEAR	DIVIDEND
Fourth 2020	
Third 2020	4.00%
Second 2020	4.35%
First 2020	5.53%
Fourth 2019	5.93%
Third 2019	6.05%
Second 2019	6.36%
First 2019	6.54%

CD Maturities: The committee then reviewed projected maturities of CDs purchased from other financial institutions-all CDs are under \$250,000 balance and FDIC insured. The value of the portfolio is \$89,839,000.00 and the WAR (Weighted Average Rate) on the CD portfolio is 1.165271% down from 1.224005%. The committee reviewed the CD maturities and evaluated options during the month as CDs matured via meetings, email, and telephone calls. Ten CDs matured in October and ten mature in November. Three CDs were closed, seven CDs were renewed, and five new CDs opened. The net result was an increase of \$500,000.00. See Report for details.

Securities Purchased/Sold/Called/Matured/Pledged Year-to-Date for 2020:

The reports show:

Purchased – No Activity.

Sold – No Activity

Called – No Activity

Matured –No Activity.

Pledged – Three Securities Pledged for Public Funds Currently.

Information for multiple securities were received and reviewed by the committee during the month. Additionally, daily the committee receives information on various securities and CD's from at least six different vendors. The Investment Committee continues to monitor the bank's investment portfolio (including securities, SBA Pools & Loans, & CD's through various vendors) has reviewed several securities this month, and reviewed several SBA Pools and SBA Loans, Certificate of Deposits, etc. offered during the month. There are 26 securities with balances less than \$6,000.

Detail Security Inventory Report - The report reflects the bank currently owns two callable securities. The State of Georgia Taxable GO @ 3.200% with a call date of 07/01/2022 and the McAllen TX GO BQ PSF @ 4.000% with a call date of 02/15/2023.

FASB 157 Unrealized Loss Position Report - The report reflects Unrealized Loss data for the entire portfolio. The following securities have an unrealized loss:

LESS THAN 12 MONTHS: Loss (0.56)

GNMA II ARM 8839-36202KZC2-00-AFS-loss for 1 month- (0.56)-No Credit Risk

12 MONTHS OR MORE: Loss (1,242.73)

SBA Pool 523408-83190AAH6-00-AFS-loss for 90 months- (1,242.73)-No Credit Risk

Total market loss for all securities is (\$1.43.29) - The overall portfolio has a market gain of \$313,920.10. The committee will continue to monitor this report monthly

Any security with an OTTI (Other Than Temporary Impairment) for 12 months will be reported to the board. GNMA securities, SBA Pool, & US Treasury Notes are backed by the full faith and credit of the US Government including the payment of principal and interest - these will not be considered as OTTI. As these securities are guaranteed by the US Government for principal and interest and the bank can maintain its investment until the anticipated recovery/call/maturity - the conclusion from the evaluations is the impairment for these types of securities are not considered a credit risk.

Municipal Credit Review of the two municipal bonds was conducted as of October 06, 2020. The ST of GA Muni has an Unemployment Rate that remains in the middle trend, a Poverty Rate that remains in the > 105% -119% of National Average range and Total Operating Expenses remain the same in the last 3 Years are growing 10% to 19% faster than revenue. This is the same as prior quarter and the overall rating remains at 93.25. The McAllen TX Muni has an Unemployment Rate that remains in the middle trend, a Poverty Rate and an unemployment rate that remains in the > 120% of National Average range. This is the same as prior quarter and the overall rating increased to 93.50 from prior quarter 93.25. The committee will continue to monitor on a quarterly basis. Both municipal bonds are designated held to maturity, are government obligations of the municipalities supported by Ad-Valorem Property Taxes, and the bank can maintain its investment until the anticipated recovery/call/maturity-the municipal bonds are not considered as OTTI.

Rate Sheets/Changes, Deposit Ranking Reports & Special Rate Accounts. Monthly all officers review the RateWatch Deposit Ranking Report. Special Rate Accounts are reviewed weekly by Committee members & Officers. On October 1, 2020, October 30, 2020, and November 5, 2020 the committee made changes to the Rate Sheet for various categories. Wall Street Prime changed on March 16, 2020 to 3.25%. Overnight Fed Funds changed to a range of 0.00% to 0.25%. IOER Fed

Interest on Excess Reserves at 0.10%, FHLB & CenterState at 0.05%. Special Rate Accounts were reviewed and changed on October 1, 2020, November 2, 2020, and November 6, 2020. Variable Rate IRA CDs adjust with the One Year T-Bill on the 1st Tuesday of each Calendar Quarter. CDARS/ICS Rates for One-Way Sell & Buy adjust weekly.

Line of Credit/Advances:

The committee reviewed the quarterly calculated line of credit (LOC) with Federal Home Loan Bank (FHLB) as of September 30, 2020 and shows a lendable collateral line of \$7,821,162.00. Pledged for this LOC are the eligible 1-4 Family First Mortgage Loans. The FHLB LOC is reviewed on a quarterly basis. Credit Rating for the bank with FHLB is "101". FHLB changed the credit risk rating score as of September 16, 2020. The committee reviewed pages from the Member Products and Services Guide explaining the new credit risk ratings. June 24, 2020, the bank did a test of the LOC in the amount of \$100. The test was successful.

The Federal Reserve Discount Window (FED) LOC is calculated monthly and is based on specifically pledged Commercial Real Estate Loans. On October 31, 2020, the available LOC was \$2,663,416.62 with a collateral value percentage of 0.31%. June 24, 2020, the bank did a test of the LOC in the amount of \$1000.00. The test was successful.

The bank has available an additional Fed Funds Line of Credit with CenterState Bank in the amount of \$5.2 Million. A letter dated January 24, 2020 approving the line was received and accepted in January. On June 23, 2020, the bank made an error in settlement causing a LOC in the amount of \$228,000.00. The LOC Advance was successful.

Bond Portfolio Analysis. Next, the committee reviewed and discussed the Bond Portfolio Analysis dated 10/30/2020.

From the Investment Overview sheet (Pages 2 & 3) the total portfolio \$6.434 Million has an Average Life of 3.22, an Effective Duration of 1.70%, a Convexity of Negative (-0.30%), a Gain % of 4.88%, and a Market Value Change % of (-1.86) in Up 1%.

The committee reviewed the remainder of the packet.

Page 8 shows an overview of Market Value Change by % and Dollar including Price Risk, Yield & Gain/Loss – both the greatest/highest or least/lowest.

Page 9 is an overview of convexity and effective duration.

Additionally, Annual Principal Cash flows page 31 and Cumulative Principal Cash Flows page 32 were reviewed. Principal cash flow shows \$1.300 Million or 20.31% cash flow for Year 1 with level rates and \$1.462 Million or 43.15% cumulative cash flow for Year 2 with Level Rates. The committee also noted the cash flows for down and up by 100 bp, 200 bp & 300 bp.

Investment Benchmark Tracking: The committee was presented with the quarterly report which delineates the investment portfolio compared to Diversity and Benchmarks guidelines contained in policy. The report is as of September 30, 2020:

The first section of the report shows the entire investment portfolio by Maturity Time Frame and the percentage of the investment portfolio by percentage in each maturity "bucket"-these guidelines are cumulative.

The second section of the report gives the diversification of the portfolio by type of investment compared to the allowable benchmarks (for example as a percent of capital).

The third section of the report shows the securities section of the portfolio broken down by Type I through V. Policy dictates limitations by type as a percentage of total portfolios. There are no limitations on the amount of Type I securities that the bank may keep in its portfolio. The bank maintains only Type 1 securities.

No Benchmarks were exceeded.

Liquidity Analysis: In reviewing the monthly Liquidity Analysis the bank has a 62.45% ratio - this is above the 20% benchmark as per policy and has a surplus of \$120.449 Million.

Scenario Comparisons of Net Interest margin report was also reviewed. The bank had a -0.02% percent change over previous month.

NIM/NII Comparison Report - Quarterly Report suggested by OCC examiners was reviewed by committee. This report uses September data and compares the bank's projected NIM and Net Interest Income over the next two years to the IRR model to determine if the NIM projection will exceed benchmarks of +OR- 10% Year 1 and +OR- 15% Year 2. The report shows benchmarks are projected to exceed for Net Interest Income in Year 1 - February 2021. Net Interest Income is projected at 298 and the -10% is 298.80.

NII Review: The committee then reviewed charts for the quarter showing NII shocks over Year 1 and Year 2 results in the IRR model as compared to policy for the year 2019 through September 2020. Reports show information for both Strategy and Static. No exceptions were noted.

EVE Review: The committee reviewed charts for the quarter showing the EVE results in the IRR model as compared to policy. Reports show information for both Strategy and Static. No exceptions were noted. With the surge in deposits from Hurricane Michael that are primarily in Non-Maturity Deposits, the drop in loan balances due to payoffs primarily from insurance payments, and the increased amount being held with the Federal Reserve – we anticipate this will be a deviation from the normal policy until full recovery in the area which is anticipated to be in the next 5 to 10 years. The committee will continue to monitor the situation.

Capital Review: The committee reviewed a chart for 2016 thru 2020 showing each quarter of the year. The report shows all four capital figures are inside policy parameters. The ALCO has been monitoring the Tier 1 Leverage Ratio as it (close to policy limits in the Contingency Funding Plan (10%) and Capital Policy (9%)). This ratio is calculated by dividing Core Capital by Total Average Assets. With the surge in deposits from Hurricane Michael we anticipate this will be a deviation for 9-18 months as we do not anticipate the surge deposits running off until year end or possibly until full recovery in the area which is anticipated to be in the next 5 to 10 years. The committee will continue to monitor the situation. The ALCO also monitors Capital per Policy Guidelines as compared to stages detailed in the Capital & Dividend Policy. The same type of staged monitoring was added for the Capital Conservation Buffer. The purpose of the staged monitoring is to recognize deterioration in stages before reaching the "minimum" as determined by policy. The Capital Review chart is used to proactively monitor Policy Guidelines for Capital and Capital Conservation Buffer.

CD Repricing Report as of September 30, 2020 was reviewed and discussed. The report shows \$2.630 Million renewing in 1 Month currently at an average rate of 1.05%, \$4.104 Million renewing in 2 Months currently at an average rate of 1.07% and \$3.528 Million renewing in 3 Months currently at an average rate of 1.14%. Approximately \$8.926 Million of the \$10.262 Million maturing in the next three months are CDs Over 100 Thousand. The bank routinely retains these deposits but has lowered interest rates significantly and anticipates some of these CDs will not renew.

Historical Balance Sheet with graphs: The Committee reviewed the Historical Balance Sheet with Benchmarks and Graphs Report as of September 2020. This report reviews Concentration limits as a percent of Asset Benchmarks for various funding sources. All items were within the benchmarks set by policy except the Loan-to-Deposit which is a result of the surge deposits and the Investments as % of Total Assets – These are the ratios that the committee has been actively monitoring since

2018 (the Hurricane and now the pandemic). Non-Core Deposits remain fairly stable from prior quarter however Core Deposits increased approximately 4 million during the third quarter. The bank has seen significant increases in deposits from core customers over the last two years. For example, a customer who has been with the bank for 28 years deposited another \$4.6 Million into one of his accounts in November. The account was opened in March 2020 and now has a balance of 11.3 Million. These funds are coming from his accounts with other banks and being consolidated into his account with First National Bank. Interest Bearing Bank Balances increased but loans decreased.

Summary Ratios from UBPR report was reviewed. This report shows the bank ratios versus peer average.

Projected Funding Sources & Uses Reports for October thru December 2020 was reviewed. This report was generated using data from various sources including the UBPR and when available the Center State IRR (Interest Rate Risk) Strategy Report. The report indicates sufficient funding sources for all three months. The committee will actively monitor this over the next quarter.

Contingency Funding Plan September 2020 for December 2020 was discussed. The report shows the quarterly historical balances of June 2019 through September 2020. Additionally, balances forecasted through December 2020 month end information. In reviewing the trigger points/ratios projected, none break stated trigger points for any situation (prior to Liquidity Crisis Action Plan Initialization (LCAPI). The bank is forecasted to have a sufficient coverage in moderate and severe stress situations – crisis does not have sufficient coverage. The trends for moderate, severe and crisis situations indicate coverage ratios of 2.6747, 1.1116 and 0.4551 respectively prior to LCAPI. After LCAPI the coverage ratio is 2.7704 moderate, 1.1593 severe and 0.4857 in a crisis situation. After reviewing the information, the committee determined the Activation of the Liquidity Crisis Action Plan is not necessary at this time. The committee will continue to monitor the situation and the plan activation guidelines in the contingency funding plan. The bank has adequate coverage ratios, liquidity, and capital.

IRR – Please see Separate Binder/Package

Decay Terms & Beta Assumptions for the September 30, 2020 IRR Model: CFO McCullough presented the committee with the Regression Analysis based on the June 2020 data. The committee met earlier in the month and discussed the decay terms suggested by Center State Bank with regards to changes in the report. Data was presented for both March 2020 and June 2020. There are now four suggested decay term options: Opt 1 assuming deposit age, Opt 2 Doubled Assuming Average Life, Opt 3 Doubled Less 20% Surge, Opt 4 Inferred from Betas. The committee discussed all options and determined the more conservative option would be to utilize Opt 1. The committee will review again for the December 2020 report. For Beta & Decay terms the committee decided to maintain the current beta and decay terms. The committee then reviewed the Assumptions reports for Strategy and Static which are generated with the IRR reports each quarter.

Interest Rate Risk Analysis Strategy Report (IRR or ALM): The committee discussed the bank's September 2020 IRR Report (Assumptions, Summary and Detail reports) which is prepared quarterly by CenterState Bank. The Strategy or Budget report is based on financial information at end of quarter, utilizes the bank budget input, various other reports/information, and then is projected to year end. The committee thoroughly reviews that report and utilizes various reports in the decision-making process when considering future investments, funding/liquidity needs, etc. The report uses the base case scenario which is a "most likely" rate projection calculated for the implied forward rate curve. An implied forward is that rate of interest that financial instruments predict will be the spot rate at some point in the future. The base case scenario is shocked up and down 100, 200, 300, & 400 basis points (bps) on day one of the forecast and is sustained over the next 24 months. Simulations also use the Basis Up/Down and Rotate Positive/Negative.

The bank reported net income as of September 2020 of \$1.099 Million representing an ROAA of 0.80% and ROE of 7.46%. Under "base case" or forward rate scenario Net income

is projected to be \$186,000 in Year 1 with an ROA of 0.10% and ROE of 0.94%. In Year 2 under “base case” or forward rate scenario Net Income is projected at -\$407,000 with ROA of -0.23% and ROE of -2.07%.

Under base case or forward interest rate scenario the projected Net Interest Income is \$3.606 Million for the 12 months (200 BPS decrease Net Interest Income decreases by 2.67% to \$3.510 Million). For the 24 months Net Interest Income under base case or forward interest rate scenario is \$3.013 Million (200 BPS decrease Net Interest Income decreases by 4.15% to \$2.888 million). All falling rates shocks are inside bank policy guidelines - this information was reviewed and considered.

Net Interest Margin on total assets for the bank is forecasted to be an average of 2.08% in Year 1 and 1.78% in Year 2.

The EVE (Economic Value of Equity) section of the IRR report gives insight to “Equity at Risk” - how a change in rates will impact earnings from a longer-term perspective (10 years). Under the base case or forward interest rate scenario, the Bank’s EVE is projected to be \$24.802 million or 12.84% of total assets. Under the 200bps rising rate scenario the net market value of capital increases to \$27.351 million-a change from base of 10.28%. Under the 200bps falling rate scenario the net market value of capital decreases to \$22.593 million, a total percentage change from level of (8.91%). The falling shock volatility is within the bank policy of (-15%). The bank EVE measures long term sensitivity, increases under rising rates, and declines under falling rates. As stated earlier in the meeting, the committee feels many of the ratios/policy/ranges are outside of normal due to the surge in deposits resulting from Hurricane Michael along with the economic impacts of COVID19 and the 1.50 rate reduction in March 2020.

Also, noted in the IRR report was the Liquidity ratio of 62.43% (above Center State recommended 20% minimum). This analysis measures the volume of assets that can be quickly converted (within 30 days) without a large loss in principle. Surplus at month end was \$119.157 Million.

The Banks earnings performance, which measures medium term sensitivity, is projected to decline from current results in year one and year two.

The IRR analysis also calculates Capital Ratios-however the IRR capital ratios differ from call report ratios because the FiCast model uses total numbers as opposed to average numbers. Per the IRR report the bank has a leverage capital ratio of 10.31% and a risk-based capital ratio of 34.89%.

The committee then reviewed each page contained in the Summary & Detail reports for budget/strategy reports which include the Back testing reports, Gap reports including Cash Flow and Repricing, Risk Profiles, Strategic Forecast, Monthly projections, forecast comparisons including duration and rate forecasts, etc.

The IRR Executive Letter, Assumptions-Strategy, and Summary-Strategy reports are submitted to the Board of Directors for review.

The committee then reviewed each page contained in the IRR Static Reports including the assumptions, summary, and full static report.

The Lending Limit is calculated monthly for tracking loans which may become non-conforming with the limit and is also calculated on a quarterly basis.

SLLP Approved 07/24/2014	
General Lending Limit – 12CFR32.3	3,153,920.83
Supplemental Lending Limit Program (SLLP 12 CFR 32.7) 10% of Tier 2 Capital	2,102,613.89
Total Aggregate to One Borrower General + SLLP (12 CFR 32.3 + 12 CFR 32.7)	5,256,534.71

Loan to Deposit Ratio: The Loan to Deposit Ratio is 40.60% for month end. This ratio had been steadily decreasing (48.23% as of Jan 2019). The committee will continue to monitor.

Loans Fixed & Tied to Index: The committee reviewed the Fixed Rate Loan Report as of October 2020, there were \$21,834,718.10 fixed rate loans. The committee reviewed the Loans Tied to Index report, 69.44% of all loans are tied to an index and 56.64% of all loans have floors.

Loan Participations: The bank's Loan Participations report reflects last purchase activity in February 2018. The participation purchased portfolio had a current balance of \$2.559 Million with a current weighted average rate of 4.879%. Current balance of participations purchased is 3.582% of Total Loans and 13.813% of Capital. The bank's purchase of participations has greatly enhanced earnings and the net interest margin. Current balance of (\$283,502.56) of participations sold is -0.397 of Total Loans and -1.530% of Capital.

Guaranteed Loan Purchases: The committee also reviewed the Guaranteed Loan Purchases report. Total current balance is \$10.150 Million with a weighted average amortized yield of 2.641%. These Guaranteed Loan Purchases are 100% full faith and credit of the United States Government. Several possible purchases were reviewed during the month.

Overdrawn Accounts \$100 or More as of Month End reflects two customers overdrawn as of month end in the amount over \$100.00. Both customers had positive balances as of review date November 3, 2020.

New Accounts reports for this month were reviewed. These reports indicate the amount of money from new or current customers for Demand Deposit, Certificate of Deposit and Safe Deposit Boxes. During the month, the bank opened new DD accounts totaling \$700,285.90 with \$111,028.86 from new customers. The New CD report indicates a total of \$14,406.72 opened with \$0.00 from new customers. New Safe Deposit Box report indicates no new boxes opened.

Certificate of Deposit (CDs) reports (matured/transferred and closed) were reviewed. The reports indicate the amounts, which are less than or over \$100,000 and whether the account was transferred internally to a new account or funds left the bank. For month end matured CDs, the bank closed \$0.00 and transferred internally/renewed \$4,406.72. Reasons for Closing were reviewed.

Reasons for Closing DD/SAV - Reasons for closing accounts were reviewed for DD & SAV accounts for 12 accounts closed this month. Closed account forms are sent to the account officer at the time of closing and a weekly closed account report is sent to Executive Officers for review. See the report for details.

December 17, 2020

To: Polly Qualls, Secretary of the Board

From: Denise Bunes, Compliance Officer

- The attached policies were submitted for approval by the Board of Directors for new regulation content:
 - 1) **Automated Clearinghouse Policy for Originating and Receiving Depository Financial Institutions (ODFI and RDFI)** – 1) the ACH service products offered was revised to “Credits Only” 2) Same Day ACH Rules section was added 3) paragraph added under Data Breach Notification Requirements stating the bank will ensure we, our originators, and our respective third-party service providers adopt and implement reasonable policies, procedures, and systems to: receive, store, transmit, and destroy consumer-level ACH data in a secure manner and to protect against data breaches and detect the occurrence of a data breach.
 - 2) **Federal Benefit Payment Garnishment Policy** – Under Lookback Period heading the sentence “We will document the account review of the Lookback Period by printing or electronically storing screenshots or copies of the account(s) associated with the garnishment for audit purposes” was added.
- The attached policy was submitted for approval by the Board of Directors with no changes:
 - 3) **Funds Transfer Policy**

FIRST NATIONAL BANK NORTHWEST FLORIDA
AUTOMATED CLEARINGHOUSE POLICY FOR ORIGINATING AND
RECEIVING DEPOSITORY FINANCIAL INSTITUTIONS (ODFI AND RDFI)

POLICY STATEMENT

In order to provide enhanced service to its customers and fee income to the bank, it is the policy of First National Bank Northwest Florida to originate automated clearinghouse (ACH) debit and credit items. The board of directors directs bank management to institute appropriate controls to protect the bank against unreimbursed losses caused by ACH activity. All rules, rights, and obligations of a party with regard to a credit entry subject to Article 4A of the Uniform Commercial Code (UCC) shall be construed in accordance with and governed by the laws of the Florida, unless there is a written agreement between the parties to state otherwise. In general, we will comply with the rules as outlined by the National Automated Clearinghouse Association (NACHA) and as amended from time to time. Management is directed to obtain a copy of the most recent rules each year and incorporate any necessary changes into our policy and/or procedures.

ORIGINATING DEPOSITORY FINANCIAL INSTITUTIONS (ODFIs)

As an originating depository financial institution (ODFI), the bank will offer the following ACH service products to customers:

- Direct Deposit [Credits Only](#)

The bank will accept ACH files from the following input resources:

- Internet

RECEIVING DEPOSITORY FINANCIAL INSTITUTIONS (RDFIs)

As an RDFI we will receive entries directly or indirectly from an ACH operator for debit or credit to the accounts of our customers.

Management is directed to implement procedures that are in compliance with NACHA's Operating Rules to ensure we can meet our responsibilities regarding the receipt of ACH files. These duties include:

- Timely receipt and validation of all ACH entries
- Proper and timely posting to accounts

- Proper and timely validation of pre-notifications
- Timely return of entries not posted
- Timely return of pre-notification entries
- Proper notification to originators of incorrect information on accepted entries
- Proper and timely handling of remittance data as required by the NACHA operating rules
- Proper transmission to a federal government agency of a consumer's or company's automated enrollment for a future credit or debit application

Management is directed to have procedures in place to ensure that when we receive a file:

- We can read it
- It should have been received by us
- It is properly formatted
- The file message authentication code (MAC), if used, calculated agrees with the MAC sent by the originating organization
- The detail entries balance with the internal and external control totals, and if not, procedures to notify the ACH operator about the error

Note: As an RDFI, we may initiate a notification of change (NOC) for any entry, including single entries, but originators are not required to respond to NOCs for single entry payments. Originators may respond, but it is optional. Specifically, a NOC response by originators to the following SEC codes is optional: ARC, BOC, POP, RCK, and XCK. Furthermore, response is optional for TEL and WEB entries that have a single entry indicator, which is "S" or blank for TEL and "S" for WEB.

Health Care EFT Transactions

As an RDFI, we will have a service to provide or make available, either automatically or upon the request of a provider, all information contained within the Payment Related Information field of the CCD Addenda Record. We must offer a secure electronic delivery channel that meets the minimum standard of 128-bit RC4 encryption technology. Mail, fax, or unsecured email is not considered secure by the NACHA rules.

We will have a written agreement with the ACH Operator, approved by our legal counsel, that includes:

- Our name and routing number

- Our receiving point and medium for delivery of ACH files
- Our settlement information, which may be through a correspondent bank relationship

SAME DAY ACH RULES

NACHA recently adopted new rules that govern same-day ACH processing. The new NACHA operating rules require mandatory participation in same-day ACH processing. Financial institutions that originate ACH transactions (ODFIs) can elect whether or not to participate as an originator. However, financial institutions that receive ACH transactions (RDFIs) must have the ability to accept additional ACH files each day and post any same-day ACH items to their customers' accounts. These new rules affect all ACH participants. First National Bank Northwest Florida will abide by all NACHA rules and implement procedures necessary for compliance with same-day ACH requirements.

Phase I (Effective September 23, 2016)

Beginning on the effective date, ODFIs will be able to submit same-day ACH files through two new clearing windows:

ACH Processing Window	Settlement Schedule
Same day origination and return items submitted by 10:30 a.m. ET	1:00 p.m. ET same day
Same day origination and return items submitted by 2:45 p.m. ET	5:00 p.m. ET same day
Future dated origination and return items submitted by 2:15 p.m. ET	8:30 a.m. ET next business day

This phase of the new rules includes credits only.

Phase 2 (Effective September 17, 2017)

This phase includes both credits and debits, with funds availability at the end of an RDFI's processing day.

Phase 3 (Effective March 16, 2018)

This phase of the new rule requires all same-day transactions, both debits and credits, to be posted by 5:00 p.m. local time.

DATA BREACH NOTIFICATION REQUIREMENTS

A "data breach" is defined as the loss, theft, or unauthorized access of consumer-level ACH data by or from any ODFI or originator or any of their respective third-party service providers using the ACH network, or any affiliate of the foregoing under circumstances indicating that the misuse of such information has occurred or is reasonably possible.

Consumer-level ACH data means the following information with respect to consumer customers of an RDFI gathered by an ODFI or originator or any of their respective third-party service providers for the purpose of initiating ACH transactions:

- A bank account number together with a bank routing number; or
- The customer's name together with the customer's social security number

The NACHA *Board of Directors Interim Policy Statement on ACH Data Breach Notification Requirements* does not apply to information that is received for any other purpose, such as bank routing numbers and account numbers that are used in check processing. Consumer-level ACH data that are created from checks in connection with ACH check conversion or truncation programs are covered by this policy.

As an ODFI, we are responsible for ensuring that we, our originators, and our respective third-party service providers adopt and implement reasonable policies, procedures, and systems to:

- Receive, store, transmit, and destroy consumer-level ACH data in a secure manner and to protect against data breaches
- Detect the occurrence of a data breach

(See Information Security Policy and Procedures.)

If a data breach is known or suspected, as the ODFI we will commence and diligently pursue an investigation in partnership with our originators and our third-party service providers, if appropriate, of the circumstances to determine:

- If a data breach has actually occurred
- The scope of the data breach, including the type and amount of data affected
- The risk that the affected data will be misused
- The steps necessary to prevent further unauthorized access to consumer-level ACH data

Notification of NACHA and RDFIs

If we know or reasonably suspect that consumer-level ACH data in our control or in the control of one of our originators or third-party service providers has been lost, stolen, or otherwise subject to unauthorized access and that misuse of such information has occurred or is reasonably possible, we will notify our NACHA security contact. The notification to NACHA must provide the following findings concerning the data breach incident:

- Approximate cause(s) of the breach incident
- Approximate date of the breach incident
- Approximate size of the affected population (victims)
- The type of data exposed
- The routing and transit numbers (RTNs) of the affected RDFI accounts
- Our designated security contact for inquiries from RDFIs
- Organizations that are involved in the breach (this information may be limited to NACHA at the request of the ODFI)
- Any mitigating factors
- Any other information we believe would be relevant to an RDFI's evaluation of the data breach and response to it

We will also take reasonable steps to notify RDFIs whose accounts may be affected, which may include directly contacting each RDFI, or using a process designated by NACHA to help enable such contacts.

Timeframe to Notify

We must take all of the steps above as soon as reasonably possible. We will not wait to complete our investigation before providing initial notice if sufficient information has been elicited to conclude that a data breach likely occurred and that misuse of consumer-level ACH data is reasonably possible and to allow RDFIs to take meaningful action in response to such notice.

We may delay the notice if we determine that disclosure of the information to ACH network participants would impede an ongoing criminal investigation.

The requirements in this policy do not replace or supersede our responsibilities to notify our federal regulator for other data breaches, as outlined in our Incident Response Policy and Procedures.

ACH SECURITY FRAMEWORK

The board directs management to ensure that our bank has security measures to protect the ACH data under our control. Our security program must set forth procedures to:

- Protect sensitive data and access to the data
- Verify third-party senders and originators
- Conduct self-assessments of our system

Security procedures are outlined in our Information Security Policy/program.

AUDIT SCHEDULE AND FREQUENCY

Our bank and any third-party service provider that provides ACH services to our bank will, in accordance with standard auditing procedures, conduct an annual internal or external audit of compliance with provisions of the *NACHA Operating Rules* in accordance with the requirements in Appendix Eight and other audit rules, as amended from time to time.

The audit provisions do not prescribe a specific methodology to be used for the completion of an audit but identify key rule provisions that should be examined during the audit process. We may use but are not limited to the following methods:

- Interviews with key personnel regarding knowledge of required procedures
- Review of the timing and content of required disclosures, where applicable
- Tests of specific transaction activities to identify possible exceptions

The annual audit shall be conducted no later than December 31 of each year. The audit will be performed under the direction of the audit committee, audit manager, senior level officer, or independent (external) examiner or auditor of the bank or third-party service provider.

The bank and its third-party service provider must retain proof that they have completed an audit of compliance in accordance with these rules. Documentation supporting the completion of an audit must be (1) retained for a period of six years from the date of the audit, and (2) provided to the National Association upon request.

The board of directors will approve and adopt this policy annually.

First National Bank Northwest Florida

Federal Benefit Payment Garnishment Policy

GENERAL POLICY STATEMENT

The board directs management to implement procedures to ensure our compliance with Title 31, Part 212 of the Code of Federal Regulations (31 CFR 212). The Office of Personnel Management, Railroad Retirement Board, Social Security Administration, U.S. Treasury Fiscal Service, and Department of Veterans Affairs (the agencies) have each published implementing regulations. This rule establishes procedures that we must follow when we receive a garnishment order against an account holder who receives certain types of federal benefit payments by direct deposit.

The rule applies to the accounts to which benefit payments are directly deposited by one or more of the agencies. Although most, if not all, federal benefit payments are deposited to consumer accounts, all accounts, including business accounts, are covered by this rule. However, the rule does not extend to check payments.

SCOPE OF THE RULE

These guidelines apply to the following federal programs:

- Social Security and Supplemental Security Income benefits administered by the Social Security Administration
- Veterans benefits administered by the Department of Veterans Affairs
- Federal Railroad retirement, unemployment, and sickness benefits administered by the Railroad Retirement Board
- Civil Service Retirement System and Federal Employee Retirement System benefits administered by the Office of Personnel Management

KEY DEFINITIONS

- *Account* means an account, including a master account or sub account, at a financial institution and to which an electronic payment may be directly routed.
- *Account holder* means a person against whom a garnishment order is issued and whose name appears in a financial institution's records as the direct or beneficial owner of an account.
- *Account review* means the process of examining deposits in an account to determine if a benefit agency has deposited a benefit payment into the account during the lookback period. In cases where a payment recipient is assigned a number that doesn't represent an account per se, but that serves as a "prefix"

for individual sub accounts, it is the individual sub account (and not the “master account”) that is subject to the account review and lookback.

- *Benefit agency* means the SSA, the VA, the OPM, or the RRB.
- *Benefit payment* means a federal benefit payment paid by direct deposit to an account with the character “XX” encoded in positions 54 and 55 of the Company Entry Description field of the Batch Header Record of the direct deposit entry.
- *Financial institution* means a bank, savings association, credit union, or other entity chartered under federal or state law to engage in the business of banking.
- *Freeze or account freeze* means an action by a financial institution to seize, withhold, or preserve funds, or to otherwise prevent an account holder from drawing on or transacting against funds in an account, in response to a garnishment order.
- *Garnish or garnishment* means execution, levy, attachment, garnishment, or other legal process. It includes any order to freeze assets in an account, including orders issued by state or state agencies or municipalities.
- *Garnishment fee* means any service or legal processing fee, charged by a financial institution to an account holder, for processing a garnishment order or any associated withholding or release of funds.
- *Garnishment order or order* means a writ, order, notice, summons, judgment, or similar written instruction issued by a court or a state child support enforcement agency, including a lien arising by operation of law for overdue child support, to effect a garnishment against a debtor.
- *Lookback period* means the two month period that (i) begins on the date preceding the date of account review and (ii) ends on the corresponding date of the month two months earlier, or on the last date of the month two months earlier if the corresponding date does not exist (e.g., June 31st). See 31 CFR 212, Appendix C Part 212 for examples illustrating the application of this definition.
- *Protected amount* means the lesser of (i) the sum of all benefit payments posted to an account between the close of business on the beginning date of the lookback period and the open of business on the ending date of the lookback period, or (ii) the balance in an account at the open of business on the date of account review. The relevant account balance is the account balance when the account review is performed, so that the balance will include intraday items such as ATM or cash withdrawals. We will not use the Regulation CC available funds balance, but should be aware that the requirement to provide access to the protected amount is subject to the usual restrictions on funds availability under Regulation CC. However, any line of credit associated with the account should not be considered as part of the “account balance” for this purpose. See 31 CFR 212, Appendix C to Part 212 for examples illustrating the application of this definition.

IDENTIFYING FEDERAL BENEFIT PAYMENTS

Federal benefit payments will have special codes in the “Company Entry Description” field and in the “Originator Status Code” field of the Batch Header Record for ACH/PPD and ACH/CCD payments that are designated as federal benefit payments that are exempt from garnishment.

Management is directed to refer to the Department of Treasury/Financial Management Service *Guidelines for Garnishment of Accounts Containing Federal Benefit Payments* (http://www.fms.treas.gov/greenbook/guidelines_garnish0311.pdf) for details on operational issues relating to this new rule. This handbook is updated from time to time.

GENERAL PROCEDURES

Receipt of Garnishment Order

Before we take action related to a garnishment order against an account, but no later than two business days following receipt of the order, we will examine the order to determine if the United States or state child support agency has attached or included a *Notice of Right to Garnish Federal Benefits* (see 31 CFR 212, Appendix B to Part 212). (A sample of this notice is also included in the Treasury handbook mentioned above.) If so, then we can proceed with our regular procedures for handling; if not, we will continue with the procedures summarized in this policy and detailed in the Treasury’s guidelines. We will follow these procedures for each “new” garnishment order, which is defined as an order for which the creditor has gone back to court and obtained a new order, as opposed to re-filing an order that was previously served. A garnishment order that is re-issued after the return date, under a different execution number, would not constitute a “new” garnishment order. We will refer to the agencies’ FAQs, (www.fms.treas.gov/greenbook/FAQs-May-12-trsy-ver1.pdf) as amended from time to time, to determine when we have received a garnishment.

Account Review

We will begin our account review no later than two business days following receipt of the order and sufficient information from the creditor that initiated the order to determine whether the debtor is an account holder. If we receive a batch of a large number of orders, then we may begin the review later if we have permission by the creditor, consistent with the orders. We must keep records to confirm the creditor’s permission for the delay of the account review.

We only need to conduct one account review per garnishment order. Even if we receive a second request for the same order, we need not complete another review unless we receive a new or different garnishment order.

Lookback Period

We must conduct a review for the two-month period before we received the order. Appendix 4 of the Treasury guidelines (31 CFR 212, Appendix C to Part 212) contains examples of how to conduct this review. Management is directed to implement procedures consistent with this guidance and the rule. Our account review must be conducted without consideration for any other attributes of the account or garnishment order, including but not limited to:

- The presence of other funds, from whatever source, that may be commingled in the account with funds from a benefit payment
- The existence of a co-owner on the account
- The existence of benefit payments to multiple beneficiaries, and/or under multiple programs, deposited in the account
- The balance in the account, provided the balance is above zero dollars on the date of the account review
- Instructions to the contrary in the order
- The nature of the debt or obligation underlying the order

We will conduct the review before taking any other action related to the garnishment that may affect the funds in the account. If there are multiple names associated with the order, we must conduct an account review for each account in the name of each person. If the person has more than one account, we may not trace funds transferred between accounts thereby attempting to associate funds from a benefit payment deposited into one account with amounts subsequently transferred to another account. [We will document the account review of the lookback period by printing or electronically storing screenshots or copies of the account\(s\) associated with the garnishment for audit purposes.](#)

Protected Amount

If the account review shows that no benefit payment was directly deposited during the lookback period, then we will follow our customary procedures for handling the garnishment order.

If the account review shows that a benefit payment was deposited, then we must calculate and establish the protected amount for the account.

The protected amount is the lesser of (i) the sum of all benefit payments posted to an account between the close of business on the beginning date of the lookback period and the open of business on the ending date of the lookback period, or (ii) the balance in an account at the open of business on the date of account review. We will calculate and establish the protected amount separately for each account in the name of the account holder, consistent with the requirement to conduct distinct account reviews. Appendix 4 of the Treasury

guidelines (31 CFR 212 , Appendix C to Part 212) has examples of how to calculate the protected amount.

The protected amount calculated and established by our bank under this rule is considered exempt from garnishment under law. We may not freeze the protected amount and must ensure that the account holder has access to it. We may freeze amounts in the account in excess of the protected amount.

Notice to Account Holder

In general, we are only required to send a notice to an account holder in cases where there are funds in the account in excess of the protected amount.

We must send special notices to the account holder when:

- A benefit agency deposited a benefit payment into an account during the lookback period; and
- The balance in the account on the date of the account review was above zero dollars and we established a protected amount.

The notice has specific content requirements. See 31 CFR 212, Appendix A to Part 212 for a model notice.

We may also include information about a state's garnishment rules and protections to avoid potential confusion or harmonizing with state requirements, or provide more complete information about an account. We will have the notices reviewed by our legal counsel to ensure compliance with both state and federal laws.

We will send the notice to the account holder within three business days from the date of the account review and may issue one notice with information about all of the accounts of an account holder.

Fees

We may not charge or collect a garnishment fee against a protected amount at any time. However, we may charge a fee on non-protected funds if they become available in the five days following the account review.

The board of directors will approve and adopt this policy on an as needed basis.

FIRST NATIONAL BANK NORTHWEST FLORIDA FUNDS TRANSFER POLICY

The purpose of this policy is to ensure that First National Bank Northwest Florida's internal controls for the funds transfer policy and procedures comply with Bank Secrecy Act regulations (31 CFR Chapter X) and Economic Sanction Regulations.

The board of directors of First National Bank Northwest Florida realizes the risk associated with funds transfers and adopts this policy to minimize any loss resulting from error or fraud. The board delegates authority to the bank to assess risks and to develop and maintain proper procedures involving domestic and international funds transfers.

DISTRIBUTION OF POLICIES AND PROCEDURES AND TRAINING OF EMPLOYEES

The board directs senior operations management to distribute copies of this policy and any other written procedures and manuals to all funds transfer employees. Employees will receive periodic, but not less than annual, training on internal control procedures. New employees must receive internal control procedure training before performing funds transfer responsibilities alone.

JOB DESCRIPTIONS

Funds transfer employees will have written job descriptions approved by operations management that provide for appropriate separation of duties. At a minimum, no one person will have the responsibility of both receiving and processing funds transfer requests. Job duties will be rotated regularly and will be unannounced by management.

MANAGEMENT REPORTS

The board directs management to establish adequate reporting systems and to report suspicious and/or any unusual funds activity to the board of directors at each regularly scheduled meeting.

AUDIT REPORTS

Management will review and respond in writing to any exceptions in the internal, external, or compliance audit report of the funds transfer department within 30 days of the receipt of the report. Copies of the response and corrective action taken, if any, will be reported to the board of directors at its next regularly scheduled meeting.

Scope of Audits

The scope of each audit of the funds transfer department will be reviewed by senior management to determine that it is adequate in the following areas:

- Independence
- Scope
- Coverage
- Frequency of review

RECORDKEEPING REQUIREMENTS OF THE BANK SECRECY ACT

Funds transfer department personnel are directed to comply with all of the recordkeeping requirements of 31 CFR 1020.410(a) of the Bank Secrecy Act with regard to funds transfers in the amount of \$3,000 or more.

Recordkeeping for Fund Transfers

Provisions

Whenever the bank accepts a payment order for a fund transfer in the amount of \$3,000 as the originator's bank, the bank will obtain and retain either the original, a microfilm, or other copy or electronic record of the following information relating to the payment order:

- Name and address of the originator
- Amount of the payment order
- Execution date of the order
- Any payment instructions
- Identity of the beneficiary's or recipient's bank

In addition, the bank will retain as many of the following items as received with the order:

- Name and address of the beneficiary or recipient
- Account number of the beneficiary or recipient
- Any other specific identifier of the beneficiary or recipient

When the originator is not an established customer, the bank will also obtain the following data: (per bank policy, the bank does not process non-customer fund transfers)

- Documentation of the originator's identification and the number of the identifying document (e.g., driver's license or passport)
- Originator's taxpayer identification number (e.g., Social Security number) or lack of such number
- An officer initial for approval

When payment orders by non-established customers are not made in person, the bank will obtain and keep all the information previously listed, plus a copy or record of the method of payment (e.g., check or credit card transaction) for the fund transfer, plus an officer approval. If the bank knows that the person requesting the transfer is not the originator, the bank must record all of the above information for the originator, as well as for the person conducting the transaction.

For each payment order that the bank accepts as the beneficiary's bank, the bank will retain either the original or a microfilm, other copy, or electronic record of the payment order. If the beneficiary is not an established customer, the bank will verify the identity of the person receiving the proceeds and obtain and retain a record of:

- Name and address of the beneficiary
- Type of identification reviewed
- Number of the identification document
- Record of the person's taxpayer identification number, or if none, alien identification number or passport and country of issue

If the bank has reason to believe that the person receiving the proceeds is not the beneficiary, then the bank will also record all of the information noted above for the beneficiary, as well as for the person receiving the funds on his or her

behalf.

If the proceeds are delivered other than in person, as the beneficiary's bank, the bank will retain a copy of the check or other instrument used to effect payment, or the information contained thereon, as well as the name and address of the person to whom it was sent.

The bank will keep the required information in such a fashion that the bank will be able to retrieve it by using the name of the originator unless he or she is an established customer, in which case the bank will be able to retrieve it by using an account number.

Exemptions from the Recordkeeping Rules

Fund transfers or transmittal orders are exempt from the recordkeeping rules if the originator and beneficiary are one of the following:

- Domestic bank
- Wholly-owned domestic subsidiary of a domestic broker or dealer in securities
- The United States
- State or local government or government agency

The bank also does not need to retain the information noted earlier for transfers or transmittal orders when the originator and the beneficiary are the same, or when the originator's and beneficiary's domestic banks are the same.

Countries requiring Officer Approval for Fund Transfers

Africa	Amsterdam (in Netherlands)	Bulgaria
Belgium	China	Egypt
Eastern Europe	Ghana	India
Indonesia	Israel	Kenya
Lithuania	Malaysia	Morocco
Mexico	Malmo in Sweden	Nigeria
Pakistan	Palestine	Philippines
Russia	Saudi Arabia	Southwest Asia
Turkey	Ukraine	Yemen
Yugoslavia		

ECONOMIC SANCTION REGULATIONS — OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

The board of directors is committed to complying with all of the rules and regulations set forth in the United States Economic Sanction Regulations. Funds transfer personnel will have access to lists of countries and entities with which the bank may not do business and will refer to such lists whenever sending or receiving foreign funds. The lists will be updated regularly by the BSA Officer accessing the Office of Foreign Assets Control (OFAC) web site (<http://www.treas.gov/offices/enforcement/ofac/sdn/>) or through OFAC's fax-on-demand service by calling (202-622-0077).

The BSA Officer will update the lists as updates become available through notice from the web site or email notification.

DAYLIGHT OVERDRAFTS

Funds transfer employees will be thoroughly familiar with the objectives of First National Bank Northwest Florida's policy. Senior bank management will develop procedures to prevent transfers drawn against uncollected funds.

SECURITY AND INTERNAL CONTROL FOR SENDING/RECEIVING FUNDS TRANSFERS

The board of directors directs bank management to implement procedures and controls to ensure that only authorized personnel have access to funds transfer machines, cash books, account information, and terminal facilities. These procedures must include but are not limited to the following:

Recordkeeping and Dual Control Procedures

- Maintain adequate security procedures for requests received from customers via telex, online terminals, telephone, fax, or written instructions.
- Obtain additional verification on written requests (e.g., tests, callbacks).
- Maintain a current record of authorized signers for customers who use the bank's funds transfer services with authorized sources (e.g., telephone, memo, fax).
- Advise customers to limit the number of authorized signers.
- Maintain customer signature records under dual control or otherwise

protect.

- Ensure that customer funds are for the amount that an individual is authorized to transfer.
- Establish guidelines for what information should be obtained from a person making a funds transfer request.
- Ensure that records of transfer requests contain the following:
 - The account title and number
 - A sequence number
 - The amount to be transferred
 - The person or other source initiating the request
 - The time and date
 - Authentication
 - Paying instructions
 - Bank personnel authorizing certain types of transfers and dollar amounts
- Establish procedures to prohibit employees who receive transfer requests from transmitting or accounting for those requests.
- Record transfer requests in a log or another bank record before execution.
- Ensure that the log is reviewed daily by a supervisor.
- Ensure that sequence records and unbroken copies are reviewed and controlled by someone not connected with equipment operations.

Agreements

- Ensure that agreements are in effect concerning funds transfer operations between the bank and its customers, correspondent banks, systems providers (e.g., Federal Reserve Bank and CHIPS), servicers, and hardware and software vendors.
- Ensure that agreements:
 - Fix responsibilities and accountability between all parties.
 - Adequately describe the security procedures as defined by Uniform Commercial Code (UCC) Article 4A sections 201 and 202.
 - Establish cutoff times for receipt and processing of payment orders and canceling or amending payment orders as noted in UCC Article 4A

Section 106.

- Ensure that the bank obtains written waivers from its customers if they choose security procedures that are different from what is offered by our bank, as indicated in UCC Article 4A section 202(c).

Payment Processing and Accounting

- Ensure that appropriate employees of the funds transfer department:
 - Prepare a daily reconciliation of funds transfer activity (incoming and outgoing) by dollar amount and number of messages.
 - Perform end-of-day reconciliements for messages sent to and received from intermediaries (e.g., Federal Reserve Bank, servicers, correspondents, and clearing facilities).
 - Review daily reconciliements and message requests.
 - Verify that work sent to and received from other bank departments agrees with its totals.
- Ensure that the balancing of the daily activity remains separate from the receiving, processing, and sending functions.
- Ensure that key fields are re-verified before transmission and messages are released by someone other than the individual originally entering the message.
- Ensure that all rejects and/or exceptions are reviewed by someone not involved in the receipt, preparation, or transmittal of funds.
- Ensure that Federal Reserve Bank, correspondent bank, and clearinghouse statements used for funds transfer activities are reconciled and reviewed daily using separation of duties (e.g., accounting or correspondent banking) to determine that they agree with the funds transfer department's records and the reasons for any open funds transfer items.
- Ensure that open statement items, suspense accounts, receivables/payables, and interoffice accounts related to funds transfer activity are controlled outside of the funds transfer operations.
- Ensure that periodic reports on open statement items, suspense accounts, and interoffice accounts are prepared for management and that the reports include aging of open items, status of significant items, and resolution of prior significant items.

- Ensure that corrections, overrides, open items, reversals, and other adjustments are reviewed and approved by an officer of the bank.
- Ensure that all general ledger tickets or other supporting documents are initialed by the originator and supervisory personnel.

Physical and Data Security

- Ensure that access to the funds transfer area is restricted to authorized personnel.
- Ensure that visitors to the funds transfer area are identified and accompanied at all times.
- Ensure that written authorization by department management is given to those employees who remain in the funds transfer area after normal working hours.
- Ensure that procedures prohibit computer personnel from gaining access to bank terminals or test key information used for funds transfers.
- Ensure that funds transfer equipment has physical and/or software locks to prohibit access by unauthorized personnel at all times.
- Ensure that terminals and other hardware in the funds transfer area are shut down after normal working hours and/or regulated by automatic time-out controls or time-of-day controls.
- Ensure that passwords are suppressed on terminals when being entered by employees.
- Ensure that operator passwords are changed at reasonable intervals.
- Ensure that supervisory approval is required for terminal access at other than authorized times.
- Ensure that passwords are restricted to different levels of activity (e.g., input, release, and adjustments) and to data files.
- Maintain backup systems for events such as equipment failures and line malfunctions, and test backup systems periodically.

Contingency Plans

- Develop written contingency plans for partial or complete failure of the systems and/or communication lines between the bank and correspondent

bank, servicer, CHIPS, Federal Reserve Bank, and data centers.

- Distribute these plans to all funds transfer personnel

Payment Processing:

Use the specially designated Wire Transfer Order Form. Employees receiving wire transfer orders must obtain all the required information on all parties

- **Name and address of the beneficiary & Receiving Bank**
- Type of identification reviewed - Number of the identification document- Copy of Primary ID (Driver's License, etc.) unless it is on the system or the originator/sender is known to an officer & officer approves the form.
- Record of the person's taxpayer identification number, or if none, alien identification number or passport and country of issue.
- As of 09/13/18 – Callback Procedures and Wire Passwords are required for any wire that is not signed in person at one of the two bank offices. All customers will sign one of two wire transfer agreements with the bank prior to origination of a wire depending on the wire services needed:
 - Non-Recurring Wire Transfer Agreement & Authorization – used for any customer who needs to send a wire transfer even if it is one time or for those customers that will need to send wires that will not be to the same beneficiary each time.
 - Wire Transfer Agreement (Online Banking or Recurring Wires) – used for any customer who has been granted access to originate wires through online banking OR for those customers that will need to send a wire(s) that will be to the same beneficiary each time – the amount may change but the beneficiary information remains the same.
- Bookkeeping will not send any wire that does not have the customer(s) original signature. No emailed, copied, or faxes will be accepted unless the emailed, copied, or fax has been signed by an Officer that she/he has spoken to that customer. Officers are responsible for making sure the customer has been contacted via phone, AND for verifying the identity of the customer via Callback procedures, prior to approving a Wire Transfer.
- Wire transfers from the beach office that are ***emailed, copied, or faxed to Bookkeeping*** must have been signed by the Officer – the wire will not be sent without Officer approval. Bookkeeping will call the employee/officer at the branch to verify the Wire Transfer Order Form was sent by them. If

for some reason there is no Officer present at the branch, employee should then contact one of the other Officers to approve the form-send the form to them, they will sign it and deliver it to Bookkeeping

- Online Banking and Recurring wires are originated pursuant to a wire transfer agreement. Callback procedures for all Online Banking and Recurring wire transfers are performed by Bookkeeping.
- Non-Recurring wire transfer customers are originated pursuant to a wire transfer agreement. Callback procedures for all Non-Recurring wire transfers are performed by Officers.

Employee receiving the wire transfer will complete the appropriate wire transfer agreement, complete the wire transfer order form, obtain/copy identification, sign/date/time their name on the appropriate line, and give the customer a copy of any wire transfer agreement and/or wire transfer order form completed.

The board of directors will approve and adopt this policy annually.