

PUBLIC DISCLOSURE

July 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**1st United Bank
1 North Federal Highway
Boca Raton, Florida 33432**

RSSD ID Number: 2860440

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION'S CRA RATING

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The following table indicates the performance level of 1st United Bank with respect to the lending and community development tests.

PERFORMANCE LEVELS	<u>1st United Bank</u>	
	PERFORMANCE TESTS	
	Lending Test	Community Development Test
Outstanding		X
Satisfactory	X	
Needs to Improve		
Substantial Noncompliance		

**Note: The lending test and the community development test are weighted equally when arriving at an overall rating.

Major factors supporting the institution's rating include:

- The average loan-to-deposit ratio is reasonable.
- A substantial majority of the loans were made inside its assessment areas.
- The geographic distribution of loans reflects excellent dispersion throughout the assessment areas.
- The distribution of lending to businesses of different revenue sizes is reasonable.
- The level of community development loans, investments, and services reflects excellent responsiveness to community development needs in its assessment areas.

INSTITUTION

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, as well as the economic and demographic characteristics of its defined assessment area. 1st United Bank's CRA performance evaluation was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Currently, intermediate small banks are defined as banks with assets of at least \$290 million as of December 31 of both of the prior two calendar years and less than \$1.160 billion as of December 31 of either of the prior two calendar years. These thresholds are adjusted annually and published by the Board of Governors of the Federal Reserve System. Under these procedures, effective as of September 1, 2005, institutions meeting the threshold size are evaluated using two separately rated tests: a lending test, and a community development test that includes an evaluation of community development loans, investments, and services in light of community needs within its assessment areas and the capacity of the bank.

A full-scope review was completed for the bank's Miami assessment area. The Miami assessment area was selected for full-scope review because a majority of the bank's branches, deposits, and loan activity is in this assessment area. The bank's Palm Bay, Sebastian, and Tampa assessment areas were reviewed using limited-scope examination procedures.

The lending test evaluation included an analysis of 114 small business loans originated or renewed from January 1, 2011 through December 31, 2011. 1st United Bank is primarily a commercial lender. The bank does minimal residential mortgage lending subject to HMDA¹ reporting. The bank reported 10 HMDA loan originations in 2010 and 9 in 2011; therefore, HMDA loans were not reviewed for this performance evaluation. The community development test included a review of qualified community development loans, investments, and services from July 26, 2010 through July 23, 2012. Refer to the glossary for the definition of community development.

As part of this evaluation, information from two community contacts was considered. The community contacts are individuals who are familiar with the economic and demographic characteristics as well as community development opportunities in the bank's assessment area. Information obtained from these contacts was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation for the full-scope assessment area.

DESCRIPTION OF INSTITUTION

1st United Bank is a wholly-owned subsidiary of 1st United Bancorp, both companies are headquartered in Boca Raton, Florida. Since the previous CRA evaluation dated July 26, 2010, the bank expanded from 15 banking offices to 22. During this review period, the bank acquired the following financial institutions:

- The Bank of Miami N.A., Coral Gables, Florida, was acquired on December 17, 2010, from the Federal Deposit Insurance Corporation (FDIC) under a Purchase and Assumption Agreement, adding three new branches.

¹ Home mortgage loans are reported by institutions on the Home Mortgage Disclosure Act (HMDA) Loan Application Register (LAR). The register includes home purchase, refinance, home improvement, and multi-family loans originated and purchased by the institution.

- Old Harbor Bank, Clearwater, Florida was acquired on October 21, 2011, from the FDIC under a Purchase and Assumption Agreement, adding four new branches.
- Anderen Bank, Clearwater, Florida, merged with 1st United Bank effective April 1, 2012, and added three branches.

Of the 10 branches acquired through acquisitions and mergers, 3 were subsequently closed. The Anderen Bank acquisition added the Orlando assessment area, which will not be discussed in this report since it was acquired after the review period.

As a result of the current branch distribution, the bank expanded its assessment areas from three to five as follows:

- Miami assessment area – includes all of Palm Beach, Broward, and Miami-Dade Counties
 - Palm Beach, Broward, and Miami-Dade Counties are the three Metropolitan Divisions (MD) that comprise the Miami-Ft. Lauderdale-Pompano Beach Metropolitan Statistical Area (MSA)
- Palm Bay assessment area – includes 3 tracts in Brevard County and is part of the Palm Bay-Melbourne-Titusville MSA
- Sebastian assessment area - includes all of Indian River County and is part of the Sebastian-Vero Beach MSA
- Tampa assessment area – includes all of Pinellas County; 36 tracts in Pasco County; and 108 tracts in Hillsborough County and is part of the Tampa-St. Petersburg-Clearwater MSA
- Orlando assessment area - includes parts of Orange and Seminole Counties

Loan-to-Deposit Ratio (LTD)

The bank’s net average LTD ratio for the eight quarter period ending March 31, 2012, was 73.7 percent, which demonstrates reasonable responsiveness to the assessment areas’ credit needs. The bank’s LTD ratio ranged from a high of 78.5 percent as of December 31, 2010, to a low of 71.2 percent as of March 31, 2012. The bank’s average LTD ratio was compared to the average LTD ratios of 10 other financial institutions of similar asset size with branches in the assessment area. The average LTD ratios for these 10 financial institutions ranged from 42.2 percent to 144.5 percent.

Assessment Area Concentration

The bank originated a substantial majority of its small business loans inside its assessment areas.

Lending Inside and Outside the Assessment Area

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Small Business	102	89.5	\$27,107	86.0	12	10.5	\$4,428	14.0
TOTAL LOANS	102	89.5	\$27,107	86.0	12	10.5	\$4,428	14.0

Note: Affiliate loans not included

As shown above, the small business loan sample indicated that 89.5 percent (by number) and 86 percent (by dollar amount) were originated within the assessment area. This level of lending within its assessment areas demonstrates the bank’s willingness to originate loans that meet the credit needs of the communities it serves.

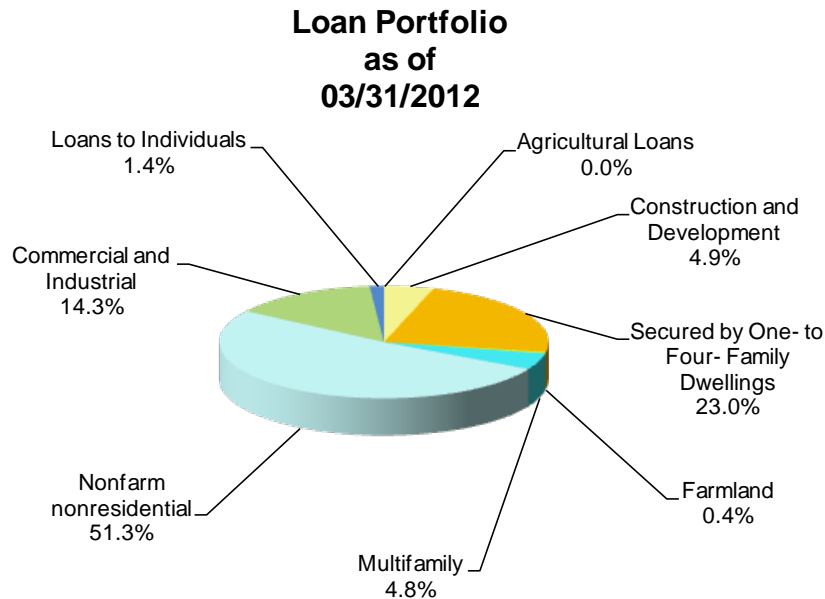
Loan Portfolio

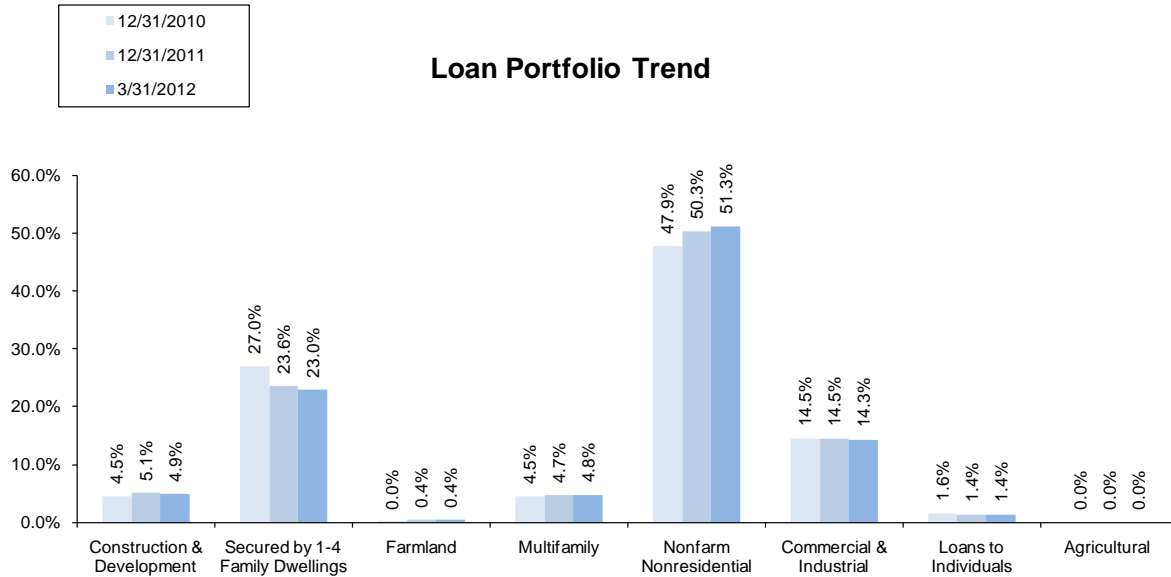
According to the March 31, 2012 Consolidated Reports of Condition and Income (Call Report), the bank’s assets totaled \$1.4 billion, which represents an increase of 34.2 percent since the 2010 CRA evaluation. Net loans and leases increased 28.8 percent from \$661.3 million as of June 30, 2010, to \$851.5 million as of March 31, 2012; and total deposits increased 35.2 percent from \$885 million to \$1.2 billion over the same time period. The bank’s growth is primarily attributed to bank acquisitions.

The following table and charts show the composition of the loan portfolio according to the Call Report.

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	3/31/2012		12/31/2011		12/31/2010	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	41,912	4.9%	44,682	5.1%	38,741	4.5%
Secured by One- to Four- Family Dwellings	198,051	23.0%	206,347	23.6%	230,907	27.0%
Other Real Estate: Farmland	3,306	0.4%	3,388	0.4%	153	0.0%
Multifamily	41,146	4.8%	41,258	4.7%	38,070	4.5%
Nonfarm nonresidential	442,590	51.3%	440,331	50.3%	409,550	47.9%
Commercial and Industrial	123,531	14.3%	126,957	14.5%	124,234	14.5%
Loans to Individuals	12,054	1.4%	11,939	1.4%	13,618	1.6%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
Total	\$862,590	100.00%	\$874,902	100.00%	\$855,273	100.00%

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





As illustrated in the chart and tables above the bank remains primarily focused on commercial lending. Loans secured by nonfarm, nonresidential property (51.3 percent) make up the largest percentage of the loan portfolio, followed by loans secured by one-to-four family dwellings (23 percent), and commercial and industrial loans (14.3 percent). While total loans have increased, the loan mix has not changed significantly.

1st United Bank complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated July 26, 2010, under the Intermediate Small Bank Examination Procedures.

METROPOLITAN AREA - FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE MIAMI ASSESSMENT AREA

Overview

The assessment area includes all of Palm Beach, Broward, and Miami-Dade Counties. The three counties comprise the Miami-Ft. Lauderdale-Pompano Beach, Florida Metropolitan Statistical Area (Miami MSA). 1st United Bank's performance in the Miami assessment area was evaluated using full-scope examination procedures. Of the 102 small business loans used in the analysis, 90 (88.2 percent) by number volume and \$25.6 million (94.3 percent) by dollar volume were made in the Miami assessment area. Additionally, in this assessment area the bank has 12 banking offices, 5 of which have ATMs.

Population Information

The Miami MSA is located in the southeast corner of the state, and is made up of Broward County, Miami-Dade County, and Palm Beach County. According to the 2008 Census population estimates, this MSA contained 29.5 percent of the state's population and has nearly twice the population of the next largest MSA.

The Miami MSA grew from 5,007,564 people, as of the 2000 census, to 5,564,635 people, as of the 2010 census, representing an 11.1 percent increase from 2000 to 2010. The state experienced faster growth than the MSA between 2000 and 2010. The estimated population of the state in 2010 was 18,801,310 representing about 17.6 percent growth since 2000.²

Income Characteristics

For purposes of classifying borrower income, this evaluation uses the Department of Housing and Urban Development's (HUD) estimated 2011 median family income for the relevant area. The following table sets forth the estimated median family income for 2011 for the Miami, Ft. Lauderdale, and West Palm Beach MDs and also provides a breakdown of the estimated annual family income for each income category (low, moderate, middle, and upper).

The table below indicates that the HUD estimated median family income for Miami-Dade County in 2011 was \$51,900. According to the 2000 U.S. Census data, there were 552,484 families in the assessment area. Of those families, 23 percent were low-income, 17 percent were moderate-income, 18.5 percent were middle-income, and 41.5 percent were upper-income. Of the total families, 14.5 percent had incomes below the poverty level.

Borrower Income Levels
Miami MD (Miami-Dade County)

HUD Estimated Median Family Income		Low	Moderate	Middle	Upper
		0 - 49.99%	50% - 79.99%	80% - 119.99%	120% - & above
2011	\$51,900	0 - \$25,949	\$25,950 - \$41,519	\$41,520 - \$62,279	\$62,280 - & above

The table below indicates that the HUD estimated median family income for Broward County in 2011 was \$61,800. According to the 2000 census data, there were 413,958 families in the county. Of those families, 20.9 percent were low-income, 18.2 percent were moderate-income, 20.5 percent were middle-income, and 40.5 percent were upper-income. Of the total families, 8.7 percent had incomes below the poverty level.

² U.S. Census Bureau, U.S. Department of Commerce, Economics and Statistics Administration. March 2011. Accessed August 1, 2012

Borrower Income Levels
Ft. Lauderdale MD (Broward County)

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2011	\$61,800	0 - \$30,899	\$30,900 - \$49,439	\$49,440 - \$74,159	\$74,160 - & above

The table below indicates that the HUD estimated median family income for Palm Beach County in 2011 was \$63,300. According to the 2000 census data, there were 306,002 families in the county. Of those families, 19.9 percent were low-income, 18.6 percent were moderate-income, 20.6 percent were middle-income, and 40.9 percent were upper-income. Of the total families, 6.9 percent had incomes below the poverty level.

Borrower Income Levels
West Palm Beach MD (Palm Beach County)

HUD Estimated Median Family Income		Low 0 - 49.99%	Moderate 50% - 79.99%	Middle 80% - 119.99%	Upper 120% - & above
2011	\$63,300	0 - \$23,599	\$23,600 - \$37,759	\$37,760 - \$56,639	\$56,640 - & above

Demographic Data by Census Tracts

The Miami assessment area consists of 891 census tracts. Of these census tracts, 54 (6.1 percent) are low-income census tracts, 241 (27 percent) are moderate-income tracts, 320 (35.9 percent) are middle-income tracts, and 271 (30.4 percent) are upper-income tracts. The income level for five census tracts (0.6 percent) was unknown.

Employment Statistics

The Miami MSA leads the state of Florida in job growth, and Florida has led the nation in the creation of new jobs for more than 5 years. The state of Florida also has the fastest rate of job growth and the lowest unemployment rate among the ten most populous states.³ Additionally, the third Quarter 2012 Manpower Employment Outlook Survey forecasts employers in the Miami MSA to hire at a healthy pace with a net employment outlook of 12 percent. The forecasted net employment outlook is slightly higher compared to the previous quarter rate of 9 percent, but slightly lower than third quarter 2011 (one year ago) rate of 13 percent. For the coming quarter, job prospects appear best in durable goods manufacturing; wholesale and retail trade; financial activities; professional and business services; education and health services; leisure and hospitality; other services and government.⁴

According to the latest Regional Economic Information Systems (REIS) data available (2010), total employment in the assessment area was 3,126,852 which mainly consisted of industries including health care and social assistance (11 percent); retail trade (10.6 percent); and government and government enterprises (10.5 percent).

³ "Miami-Dade's Labor Market." *Beacon Council*. Web. 18 July 2012. <<http://www.beaconcouncil.com/web/Content.aspx?Page=laborMarket>>.

⁴ "Strong Job Market Expected for Miami-Fort Lauderdale-Pompano Beach, FL MSA." Manpower Group, 12 June 2012. Web. 18 July 2012. <<http://press.manpower.com/reports/2012/strong-job-market-expected-for-miami-fort-lauderdale-pompano-beach-fl-msa/>>.

The local economy relies largely on economic development activities such as tourism, international trade and commerce and its ability to attract and continue to retain businesses that are compatible with and support the developing greening economy.⁵ In 2010, the Miami MSA ranked first among metropolitan areas in Florida with recorded merchandise exports of \$35.9 billion.⁶ According to the South Florida Business Journal, the Miami MSA ranks fourth in the nation, with 170,762 small businesses.

The following table shows the unemployment rates percentages for the Miami assessment area and the state of Florida for the years 2010 and 2011.

Unemployment Rates

Assessment Area: Miami

Area	Years - Annualized	
	2010	2011
Ft. Lauderdale MD	9.6	9.2
Miami MD	12.5	11.3
West Palm Beach MD	11.4	10.8
Miami MSA	11.3	10.5
Florida	11.3	10.5

Not Seasonally Adjusted

As shown by the table above, the unemployment rate for each area represents a decline from 2010 to 2011, although the unemployment rate is still high. Despite the decline, the unemployment rate for the Miami MD and West Palm Beach MD remained slightly greater than both the state and MSA average unemployment rates.

Competition

The bank operates in a highly competitive market. According to the FDIC Market Share Report as of June 30, 2011, there are 112 financial institutions in the Miami assessment area operating 1,619 branches. With \$983.7 million in deposits, 1st United Bank ranked 28th representing approximately 0.62 percent of the deposit market share in the MSA. Financial service providers are highly visible with larger regional and national banks leading in market share. Wells Fargo Bank, N.A. and Bank of America, N.A. were the top two market share holders in the assessment area, with deposit market shares of 16.3 percent and 15.5 percent, respectively.

⁵ "Business Incentives." *Office of Economic Development and International Trade*. Miami-Dade County -Department of Regulatory and Economic Resources, 2010. Web. 18 July 2012. <http://www.miamidade.gov/oedit/business_incentives.asp>.

⁶ "Florida: Exports, Jobs, and Foreign Investment." *International Trade Administration*. June 2012. Web. 18 July 2012. <<http://www.trade.gov/mas/ian/statereports/states/fl.pdf>>.

Community Contacts

Two community contacts in the Miami assessment area were conducted in conjunction with this examination. The contacts indicated that the primary issue for small businesses is access to capital. The economic conditions have caused financial institutions to become more stringent with underwriting criteria and to terminate existing lines of credit. As a result, both start up and existing small businesses are in need of small dollar loans and more flexible loan terms.

Assessment Area Demographics

The following table provides demographic characteristics of the bank's assessment area based on the 2000 U.S. Census data used to analyze the bank's CRA performance. Certain components of the data in the table are discussed in this evaluation as they apply to specific parts of the analysis.

Assessment Area Demographics

Assessment Area: Miami

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	54	6.1	46,198	3.6	17,860	38.7	274,382	21.6
Moderate-income	241	27.0	335,999	26.4	61,383	18.3	225,945	17.8
Middle-income	320	35.9	483,877	38.0	41,157	8.5	250,182	19.7
Upper-income	271	30.4	406,370	31.9	16,717	4.1	521,935	41.0
Unknown-income	5	0.6	0	0.0	0	0.0	0	0.0
Total Assessment Area	891	100.0	1,272,444	100.0	137,117	10.8	1,272,444	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	82,793	17,635	1.4	21.3	54,243	65.5	10,915	13.2
Moderate-income	603,803	284,505	22.6	47.1	253,105	41.9	66,193	11.0
Middle-income	812,633	503,653	40.0	62.0	227,439	28.0	81,541	10.0
Upper-income	650,499	452,189	35.9	69.5	112,625	17.3	85,685	13.2
Unknown-income	21	0	0.0	0.0	0	0.0	21	100.0
Total Assessment Area	2,149,749	1,257,982	100.0	58.5	647,412	30.1	244,355	11.4
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	15,006	4.1	12,850	3.9	1,239	6.2	917	5.8
Moderate-income	78,708	21.5	69,889	21.2	4,891	24.4	3,928	24.6
Middle-income	130,741	35.7	118,427	35.9	6,736	33.6	5,578	35.0
Upper-income	140,402	38.4	127,968	38.8	6,998	34.9	5,436	34.1
Unknown-income	1,018	0.3	774	0.2	164	0.8	80	0.5
Total Assessment Area	365,875	100.0	329,908	100.0	20,028	100.0	15,939	100.0
	Percentage of Total Businesses:			90.2		5.5		4.4

Based on 2000 Census Information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

As mentioned previously, an analysis of small business loans originated from January 1, 2011 through December 31, 2011 was performed. During the review period, the bank reported 90 (88.2 percent) small

business loans in the Miami assessment area. Based on the bank’s size, lending capacity and the percentage of loans extended in the assessment area, the lending test rating of the institution is satisfactory.

The tables that follow in this section show 1st United Bank’s lending compared to the demographic characteristics in the market. This review did not include a comparison of the bank’s lending performance to the aggregate lenders because 2011 aggregate lending data was not available as of the date of this review.

Geographic Distribution of Small Business Loans

For this analysis, the geographic distribution of small business lending was compared with available demographic information. Performance context issues including the economic climate, business strategies, and information from the community contacts were also taken into consideration.

Considering all of these factors, 1st United Bank’s overall geographic distribution of small business loans reflects excellent dispersion throughout the Miami assessment area.

The following table illustrates the geographic distribution of the small business loan sample in the Miami assessment area compared to the geographic distribution of businesses in the area.

Geographic Distribution of Small Business Loans

Assessment Area: Miami

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2011				
	Bank		Demographics		Small Businesses
	Count		\$ (000s)	%	
#	%	\$	%	%	
Low	6	6.7%	\$1,709	6.7%	3.9%
Moderate	20	22.2%	\$4,688	18.3%	21.2%
Middle	36	40.0%	\$11,458	44.8%	35.9%
Upper	28	31.1%	\$7,701	30.1%	38.8%
Unknown	0	0.0%	\$0	0.0%	0.2%
<i>Total</i>	<i>90</i>	<i>100.0%</i>	<i>\$25,556</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

The geographic distribution of small business loans reflects excellent dispersion throughout the assessment area. Of the 90 small business loans sampled in the Miami assessment area, 6.7 percent (6 loans) were extended to businesses in low-income census tracts, which is greater than the 3.9 percent of the small businesses located in these tracts. Additionally, the bank originated 22.2 percent of its small business loans in moderate-income census tracts, which is slightly greater than the 21.2 percent of the area’s small businesses that are located in moderate-income census tracts. The majority of the bank’s lending occurred in middle-income tracts, which is reasonable given the high percentage (almost 36 percent) of small businesses located in these tracts.

Lending to Businesses of Different Sizes

For this analysis, the distribution of small business lending across revenue size was compared with available demographic information. Performance context issues including the economic climate, business strategies, and information from the community contacts were also taken into consideration.

Based on the following analysis, the overall distribution of 1st United Bank’s small business lending by business revenue reflects reasonable dispersion throughout the assessment area.

The following table shows, by loan size and business revenue, the number and dollar volume of small business loans originated during the review period.

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Miami

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2011				
		Bank		\$ (000s)		Total Businesses
		Count				
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	49	54.4%	\$13,725	53.7%	90.2%
	Over \$1 Million	36	40.0%	\$11,481	44.9%	5.5%
	<i>Total where Rev is available</i>	85	94.4%	\$25,206	98.6%	95.7%
	Rev. Not Known	5	5.6%	\$350	1.4%	4.4%
	<i>Total</i>	90	100.0%	\$25,556	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	36	40.0%	\$2,293	9.0%	
	\$100,001 - \$250,000	20	22.2%	\$3,672	14.4%	
	\$250,000 - \$1 Million	34	37.8%	\$19,591	76.7%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	90	100.0%	\$25,556	100.0%	
LOAN SIZE Rev. \$1 Mill or Less	\$100,000 or Less	19	38.8%	\$1,133	8.3%	
	\$100,001 - \$250,000	11	22.4%	\$2,047	14.9%	
	\$250,000 - \$1 Million	19	38.8%	\$10,545	76.8%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	49	100.0%	\$13,725	100.0%	

Originations & Purchases

Of the 90 small business loans in the sample originated to businesses located within 1st United Bank’s Miami assessment area, 54.4 percent (49 loans) were originated to businesses with reported gross annual revenues of \$1 million or less. This level of lending is significantly less than the percentage of businesses in the Miami assessment area with gross annual revenues of \$1 million or less at 90.2 percent. However, 62.2 percent of the bank’s small business loans were for amounts of \$250,000 or less, indicating the bank’s willingness to make loans in smaller dollar amounts to meet the needs of the small businesses in the community. Overall, 1st United Bank’s commercial lending by business revenue reflects reasonable dispersion throughout the assessment area.

COMMUNITY DEVELOPMENT TEST

Overview

1st United Bank’s performance under the community development test is rated outstanding. The bank’s community development performance demonstrates excellent responsiveness to the community development needs of the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area. In evaluating the bank’s community development performance, consideration was given to the level of competition in the assessment area.

1st United Bank funded 32 community development loans totaling approximately \$47.5 million in the Miami assessment area.

Purpose	Number	Dollar Amount (000's)
Affordable Housing – multifamily	5	\$2,200
Community Services	3	\$11,700
Economic Development	17	\$7,900
Revitalization or Stabilization	7	\$25,700
Total	32	\$47,500

Additionally, 1st United Bank made qualified donations and grants totaling \$187,000, which supported 28 community service organizations in the Miami assessment area. A majority of these organizations have as a primary focus to provide services targeted to low- and moderate-income individuals and families.

Bank employees also used their financial expertise to provide services that benefit low- and moderate-income residents and small businesses in the Miami assessment area. Community development services were provided to 23 organizations and included approximately 1,893 hours.

METROPOLITAN AREAS - LIMITED-SCOPE REVIEW

The following assessment areas were reviewed using limited-scope examination procedures. Through these procedures, conclusions regarding the institution's CRA performance are drawn from the review of available facts and data, including performance and demographic information. The limited-scope review revealed the bank's CRA performance in these assessment areas is generally not consistent with the area that received a full-scope review. Please refer to the tables in Appendix B for additional information regarding the areas.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE PALM BAY ASSESSMENT AREA

Description of Assessment Area

The Palm Bay assessment area consists of only three census tracts in Brevard County. Brevard County is part of the Palm Bay-Melbourne-Titusville MSA. Based on 2000 U.S. Census data, the assessment area's census tracts consists of two (66.7 percent) moderate-income tracts, and one (33.3 percent) upper-income tract. Of the 4,769 total families, 72 percent are moderate-income, and 28 percent are upper-income. The 2000 U.S. Census data indicates the assessment area population was 14,190.

1st United Bank operates one branch with an ATM in the Palm Bay assessment area, which represents 4.5 percent of the bank's total branch network of 22. The FDIC Deposit Market Share report from June 30, 2011, shows 17 other banks operating from 1 to 21 branches in this assessment area.

Conclusions with Respect to Performance Tests

The bank did not originate any small business loans during the review period. The bank's performance with regard to the geographic distribution and the business revenue distribution of loans was not comparable to its performance in the full-scope assessment area. Also, the bank's community development performance in the Palm Bay assessment area was less than the bank's overall performance in the full-scope assessment area. The bank did not make qualified community development loans or investments during the review period. Bank representatives participated in approximately 4 hours of qualified community development services which benefitted the state of Florida including the Palm Bay assessment area. Conclusions regarding the performance did not affect the overall rating. The bank's small presence in this area, along with the highly competitive market in which it operates, may account for this disparity. Demographic and lending data can be found in Appendix B.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE SEBASTIAN ASSESSMENT AREA

Description of Assessment Area

The Sebastian assessment area is comprised of Indian River County, which is part of the Sebastian-Vero Beach MSA. Based on 2000 U.S. Census data, the assessment area contains 23 census tracts which consists of 4 (17.4 percent) moderate-income tracts, 13 (56.5 percent) middle-income tracts, and 6 (26.1 percent) upper-income tracts. There are 32,901 families in the assessment area. Of total families, 15 percent are moderate-income, 61.3 percent are middle-income, and 23.7 percent are upper-income. The 2000 U.S. Census data indicates the assessment area population was 112,947.

1st United has a small presence in this assessment area. The bank has two banking offices with ATMs in the assessment area, which represents 9.1 percent of the bank's total branch network of 22. The FDIC Deposit Market Share report from June 30, 2011, shows 16 other banks operating from 1 to 8 branches in this assessment area.

Conclusions with Respect to Performance Tests

The bank originated one small business loan during the review period. The bank's performance with regard to the geographic distribution of loans and business revenue distribution was not comparable to its performance in the full-scope assessment area. Also, the bank's community development performance in the Sebastian assessment area was less than the bank's overall performance in the full-scope assessment area. The bank had no community development loans or investments. However, bank representatives participated in approximately 4 hours of qualified community development services which benefitted the state of Florida including the Sebastian assessment area. Conclusions regarding the performance did not affect the overall rating. The bank's small presence in this area, along with the highly competitive market in which it operates, may account for this disparity. Demographic and lending data can be found in Appendix B.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE TAMPA ASSESSMENT AREA

Description of Assessment Area

The Tampa assessment area consists of all of Pinellas County, and part of Pasco and Hillsborough Counties, which represents a portion of the Tampa-St. Petersburg-Clearwater, Florida MSA. Based on 2000 Census data, the assessment area includes 352 census tracts, which consists of 8 (2.3 percent) low-income census tracts, 81 (23 percent) moderate-income tracts, 167 (47.4 percent) middle-income tracts, and 96 (27.3 percent) upper-income tracts. Of total families, 17.9 percent are low-income, 18.7 percent are moderate-income, 21.9 percent are middle-income, and 41.6 percent are upper-income. The 2000 U.S. Census data indicates the assessment area population was 1,536,491.

1st United Bank operates four banking offices with ATMs in the Tampa assessment area, representing 18.2 percent of the bank's 22 total offices. The bank acquired all four offices from the acquisition of Old Harbor Bank in October 2011. The FDIC Deposit Market Share report from June 30, 2011, shows 70 banks operating from 1 to 96 branches in this assessment area.

Conclusions with Respect to Performance Tests

The review included a sample of 11 small business loans originated or renewed during the review period. The bank's performance with regard to the geographic distribution of loans was slightly less than its performance in the full-scope assessment area, while the business revenue distribution was consistent. Also, the bank's community development performance in the Tampa assessment area was less than the bank's overall performance in the full-scope assessment area. The bank originated one community development loan totaling \$375,000 in the assessment area during the review period. The bank had qualified community development grants and donations totaling \$5,200 in the assessment area. Bank representatives participated in approximately 4 hours of qualified community development services. Conclusions regarding the performance did not affect the overall rating. Performance in the assessment area is reasonable based on the bank's short operating tenure in this area, along with the highly competitive market in which it operates. Demographic and lending data can be found in Appendix B.

The following table compares conclusions regarding the bank's performance in the Tampa, Sebastian, and Palm Bay assessment areas to the bank's overall performance in the full-scope assessment area.

Performance for Limited-Scope Review Metropolitan Assessment Areas		
Assessment Area	Lending Test	Community Development Test
Palm Bay	Not Consistent - Below	Not Consistent - Below
Sebastian	Not Consistent - Below	Not Consistent - Below
Tampa	Consistent	Not Consistent - Below

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED			
January 1, 2011 through December 31, 2011 – Lending Test			
July 26, 2010 through July 23, 2012 – Community Development Test			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
1 st United Bank		Small business loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
N/A	N/A	N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Miami assessment area	Full-scope Review	741 U.S. Highway One N. Palm Beach, FL	
Palm Bay assessment area	Limited-scope Review		
Sebastian assessment area	Limited-scope Review		
Tampa assessment area	Limited-scope Review		

APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES

Assessment Area Demographics

Assessment Area: Palm Bay

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,093	22.9
Moderate-income	2	66.7	3,436	72.0	192	5.6	1,141	23.9
Middle-income	0	0.0	0	0.0	0	0.0	994	20.8
Upper-income	1	33.3	1,333	28.0	60	4.5	1,541	32.3
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	3	100.0	4,769	100.0	252	5.3	4,769	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	6,770	5,103	75.8	75.4	449	6.6	1,218	18.0
Middle-income	0	0	0.0	0.0	0	0.0	0	0.0
Upper-income	1,980	1,626	24.2	82.1	149	7.5	205	10.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	8,750	6,729	100.0	76.9	598	6.8	1,423	16.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	414	51.0	394	51.0	5	33.3	15	65.2
Middle-income	0	0.0	0	0.0	0	0.0	0	0.0
Upper-income	397	49.0	379	49.0	10	66.7	8	34.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	811	100.0	773	100.0	15	100.0	23	100.0
	Percentage of Total Businesses:			95.3		1.8		2.8

Based on 2000 Census Information.

**APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES
(Continued)**

Geographic Distribution of Small Business Loans

Assessment Area: Palm Bay

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2011				
	Bank				Demographics
	Count		\$ (000s)		Small Businesses
	#	%	\$	%	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	0	0.0%	\$0	0.0%	51.0%
Middle	0	0.0%	\$0	0.0%	0.0%
Upper	0	0.0%	\$0	0.0%	49.0%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>

Originations & Purchases

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Palm Bay

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2011				
		Bank				Total Businesses
		Count		\$ (000s)		%
	#	%	\$	%	%	
BUSINESS REVENUE	\$1million or Less	0	0.0%	\$0	0.0%	95.3%
	Over \$1 Million	0	0.0%	\$0	0.0%	1.8%
	<i>Total where Rev is available</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>97.2%</i>
	Rev. Not Known	0	0.0%	\$0	0.0%	2.8%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	0	0.0%	\$0	0.0%	
	\$100,001 - \$250,000	0	0.0%	\$0	0.0%	
	\$250,000 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	0	0.0%	\$0	0.0%	
	\$100,001 - \$250,000	0	0.0%	\$0	0.0%	
	\$250,000 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>0</i>	<i>100.0%</i>	<i>\$0</i>	<i>100.0%</i>	

Originations & Purchases

**APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES
(Continued)**

Assessment Area Demographics

Assessment Area: Sebastian

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	5,842	17.8
Moderate-income	4	17.4	4,951	15.0	618	12.5	6,487	19.7
Middle-income	13	56.5	20,161	61.3	1,222	6.1	7,378	22.4
Upper-income	6	26.1	7,789	23.7	221	2.8	13,194	40.1
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	23	100.0	32,901	100.0	2,061	6.3	32,901	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	9,710	5,135	13.5	52.9	3,260	33.6	1,315	13.5
Middle-income	33,552	23,481	61.6	70.0	6,229	18.6	3,842	11.5
Upper-income	14,640	9,503	24.9	64.9	1,529	10.4	3,608	24.6
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	57,902	38,119	100.0	65.8	11,018	19.0	8,765	15.1
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	1,090	12.1	997	12.0	56	13.1	37	11.5
Middle-income	5,480	60.6	5,053	61.0	226	52.7	201	62.6
Upper-income	2,466	27.3	2,236	27.0	147	34.3	83	25.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	9,036	100.0	8,286	100.0	429	100.0	321	100.0
	Percentage of Total Businesses:			91.7		4.7		3.6

Based on 2000 Census Information.

**APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES
(Continued)**

Geographic Distribution of Small Business Loans

Assessment Area: Sebastian

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2011				
	Bank		Demographics		Small Businesses
	Count	\$ (000s)		%	
#	%	\$	%	%	
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	0	0.0%	\$0	0.0%	12.0%
Middle	1	100.0%	\$149	100.0%	61.0%
Upper	0	0.0%	\$0	0.0%	27.0%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$149</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Sebastian

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2011				
		Bank		Total Businesses		%
		Count	\$ (000s)		%	
#	%	\$	%	%		
BUSINESS REVENUE	\$1million or Less	1	100.0%	\$149	100.0%	91.7%
	Over \$1 Million	0	0.0%	\$0	0.0%	4.7%
	<i>Total where Rev is available</i>	<i>1</i>	<i>100.0%</i>	<i>\$149</i>	<i>100.0%</i>	<i>96.4%</i>
	Rev. Not Known	0	0.0%	\$0	0.0%	3.6%
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$149</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	0	0.0%	\$0	0.0%	
	\$100,001 - \$250,000	1	100.0%	\$149	100.0%	
	\$250,000 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$149</i>	<i>100.0%</i>	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	0	0.0%	\$0	0.0%	
	\$100,001 - \$250,000	1	100.0%	\$149	100.0%	
	\$250,000 - \$1 Million	0	0.0%	\$0	0.0%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$149</i>	<i>100.0%</i>	

Originations & Purchases

**APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES
(Continued)**

Assessment Area Demographics

Assessment Area: Tampa

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	8	2.3	4,257	1.0	1,909	44.8	72,920	17.9
Moderate-income	81	23.0	80,092	19.6	10,857	13.6	76,234	18.7
Middle-income	167	47.4	203,177	49.8	13,024	6.4	89,139	21.9
Upper-income	96	27.3	120,356	29.5	3,435	2.9	169,589	41.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	352	100.0	407,882	100.0	29,225	7.2	407,882	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	9,038	2,070	0.4	22.9	5,629	62.3	1,339	14.8
Moderate-income	163,584	88,781	18.8	54.3	51,987	31.8	22,816	13.9
Middle-income	389,787	240,174	50.9	61.6	104,546	26.8	45,067	11.6
Upper-income	205,464	140,500	29.8	68.4	42,112	20.5	22,852	11.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	767,873	471,525	100.0	61.4	204,274	26.6	92,074	12.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	636	0.7	561	0.7	37	0.7	38	0.9
Moderate-income	21,143	22.9	18,317	22.1	1,588	30.2	1,238	29.4
Middle-income	42,298	45.7	38,071	45.8	2,329	44.3	1,898	45.0
Upper-income	28,432	30.7	26,087	31.4	1,301	24.8	1,044	24.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	92,509	100.0	83,036	100.0	5,255	100.0	4,218	100.0
	Percentage of Total Businesses:			89.8		5.7		4.6

Based on 2000 Census Information.

**APPENDIX B – DEMOGRAPHIC, GEOGRAPHIC, AND BORROWER DISTRIBUTION TABLES
(Continued)**

Geographic Distribution of Small Business Loans

Assessment Area: Tampa

Tract Income Levels	Bank Lending & Demographic Data Comparison				
	2011				
	Bank		Demographics		Small Businesses
	Count		\$ (000s)	%	
#	%	\$	%	%	
Low	0	0.0%	\$0	0.0%	0.7%
Moderate	3	27.3%	\$967	69.0%	22.1%
Middle	4	36.4%	\$262	18.7%	45.8%
Upper	4	36.4%	\$173	12.3%	31.4%
Unknown	0	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$1,402</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

Small Business Loans by Business Revenue & Loan Size

Assessment Area: Tampa

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2011				
		Bank		Total Businesses		%
		Count		\$ (000s)	%	
#	%	\$	%	%		
BUSINESS REVENUE	\$1million or Less	8	72.7%	\$1,197	85.4%	89.8%
	Over \$1 Million	2	18.2%	\$122	8.7%	5.7%
	<i>Total where Rev is available</i>	<i>10</i>	<i>90.9%</i>	<i>\$1,319</i>	<i>94.1%</i>	<i>95.4%</i>
	Rev. Not Known	1	9.1%	\$83	5.9%	4.6%
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$1,402</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	10	90.9%	\$502	35.8%	
	\$100,001 - \$250,000	0	0.0%	\$0	0.0%	
	\$250,000 - \$1 Million	1	9.1%	\$900	64.2%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>11</i>	<i>100.0%</i>	<i>\$1,402</i>	<i>100.0%</i>	
LOAN SIZE Rev \$1 Mill or Less	\$100,000 or Less	7	87.5%	\$297	24.8%	
	\$100,001 - \$250,000	0	0.0%	\$0	0.0%	
	\$250,000 - \$1 Million	1	12.5%	\$900	75.2%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>8</i>	<i>100.0%</i>	<i>\$1,197</i>	<i>100.0%</i>	

Originations & Purchases

APPENDIX C – DEFINITIONS AND GENERAL INFORMATION

Definitions

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

Rounding Convention

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

APPENDIX C – DEFINITIONS AND GENERAL INFORMATION (Continued)

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **1st United Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **July 23, 2012**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX D- GLOSSARY

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

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

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

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

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

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

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

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

APPENDIX D – GLOSSARY (Continued)

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

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

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

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

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

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

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

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

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

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

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

APPENDIX D – GLOSSARY (Continued)

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

Multi-family: Refers to a residential structure that contains five or more units.

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

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

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

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

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

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

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