



PUBLIC DISCLOSURE

December 01, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

First Federal Bank
Charter Number 704081

611 E. College Street, Dickson, TN 37055-2017

Office of the Comptroller of the Currency

320 Seven Springs Way, Suite 310, Brentwood, TN 37027

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.

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

- The bank's loan-to-deposit ratio is reasonable and averaged 51.64% during the evaluation period. First Federal Bank's (FFB) loan-to-deposit ratio ranged from a low of 46.32% June 2014 to a high of 61.24% December 2011.
- A substantial majority of FNB's loans are inside the bank's Assessment Areas. During this evaluation period, approximately 92% of the number and 88% of the dollar volume of loans originated in 2012 and 2013 were to borrowers inside the Assessment Areas.
- FFB's overall record of lending to borrowers of different income (including low- and moderate-income) demonstrates reasonable penetration. FFB's overall performance of lending to business of different sizes is reasonable.
- FFB's overall geographic distribution of residential loans reflects reasonable dispersion and meets the standard for satisfactory performance. FFB's geographic distribution of loans to businesses of different sizes is also reasonable.
- FFB's community development performance demonstrates excellent responsiveness to the community development needs. The bank's overall responsiveness through community development activities to community development lending, investment, and services needs is also excellent.

Scope of Examination

This Performance Evaluation (PE) covers the period October 13, 2011 through December 1, 2014. Results were consolidated for comparative and analysis purposes and evaluated using 2010 Census demographic information. First Federal Bank has one wholly-owned subsidiary, First Service Corporation. A data integrity review was conducted prior to this evaluation. The review concluded that the bank's internal data was reliable. We also reviewed the bank's community development loans, investments, and services to ensure they meet the definition of community development. For the community development test the evaluation period runs from October 13, 2011 through September 30, 2014.

Conclusions regarding the Lending Test are based on residential loans including home purchases, home improvements, and home refinances. All residential loans originated from January 1, 2012 through December 31, 2013 were considered in our Lending Test analysis. Based on internal bank reports, all small business and farm loans originated during 2012 and 2013 were considered in the Lending Test. Management was agreeable to excluding Home Mortgage Disclosure Act (HMDA) and small business loans originated during 2011 and the nine-month period ending September 30, 2014. 2011 HMDA and business loan originations would have been compared to 2000 census data, which is outdated. Furthermore, there are additional changes to census tract areas and designations currently underway. In both situations,

separate comparative tables, loan samples, and supporting narratives would have been required. Management concurred with the prevailing regulatory opinion that added tables and narrative might be confusing to readers and others who have ready access to this public information. Bank management believes that HMDA and business loan originations for 2012 and 2013 fairly represent the bank's efforts to meet the Lending Test.

Description of Institution

FFB is an independent, federally chartered, stock savings bank which opened for business in 1936. Effective May 1, 1995, the bank became wholly-owned by Southeastern Bancorp, Inc., a one-bank holding company. Both the holding company and bank are located in Dickson, Tennessee. Dickson is approximately 40 miles west of Nashville, Tennessee on Interstate 40, a major east-west interstate highway. There have not been any major changes in the bank's corporate structure, including merger or acquisition activities, since the last CRA examination dated October 12, 2011, when the bank received a satisfactory rating. There are no legal or financial impediments to FFB's ability to meet the credit needs of its Assessment Areas (AAs) including retail and community development loans, qualified investments, and community development service needs. The bank offers a full-range of loan and deposit services. FFB's primary business focus is commercial and industrial loans, including commercial real estate loans, and mortgage loans. As of September 30, 2014, the bank had total assets and loans of \$456 and \$181 million, respectively. Gross loans comprised 40% of total assets. Total assets for the holding company were \$452 million as of December 31, 2013. As a traditional savings bank, FFB has concentrated its operations in the origination of mortgage loans. The bank primarily engages in the origination of residential real estate loans. As of September 30, 2014, 51.64% of the bank's gross loan portfolio was comprised of mortgage loans secured by first and junior mortgages on single-family residences and multi-family dwellings. The following table reflects the composition of FFB's loan portfolio based on September 30, 2014 Report of Condition:

Product Category	Gross Loans as of September 30, 2014	
	Dollar (000's)	Percent
Residential Mortgage Loans	93,837	51.64
Commercial & Industrial Including Commercial Real Estate	50,181	27.62
Individuals	14,984	8.25
Construction & Land Development	14,249	7.84
Obligations of State & Political Subdivisions	5,974	3.29
Farmland and Agriculture	2,478	1.36
Total	181,703	100.00

Source: September 30, 2014 Report of Condition.

FFB provides a wide-range of traditional deposit and loan products. The main office is located in an area that is accessible to persons from different areas of the community. Lobby hours and drive-up hours also help to meet customer needs during the week. FFB has ATMs at all office locations and two non-deposit taking ATMs located at convenience stores in Dickson, TN.

Based on 2010 U.S. Census Data, the bank has two AAs totaling 33 census tracts. The MSA AA of Nashville-Davidson-Franklin-Murfreesboro (#34980) is comprised of 28 census tracts located in Dickson, Cheatham, Hickman, and Williamson County, TN. The Non-MSA AA of Humphreys County includes 5 census tracts. Within the MSA AA, there are no low-income census tracts, 9 moderate-income census tracts, 17 middle-income census tracts, and 2 upper-income census tracts. Within the Non-MSA AA, there are no low-or moderate-income census tracts, 4 middle-income census tracts, and 1 upper-income census tract. There are no distressed or underserved census tracts in either AA. Within the MSA AA of Dickson County, there is 1 branch located in a moderate-income census tract and 6 branches located in middle-income census tracts. Additionally, there is 1 branch located in an upper-income census tract in Williamson County. Within the Non-MSA, there are 2 branches located in middle-income census tracts and 1 branch located in an upper-income census tract. The 2 cash dispensing ATMs are located in middle-income census tracts in Dickson County, TN.

Distribution of Bank Offices and ATMs by Census Tract						
Census Tract Income Level	Tracts		Full-Service Branches		Automated Teller Machines *	
	#	%	#	%	#	%
Low	0	0.00	0	0.00	0	0.00
Moderate	9	27.27	1	8.33	1	7.14
Middle	21	63.64	9	75.00	11	78.57
Upper	3	9.09	2	16.67	2	14.29
NA	0	0	0	0	0	0
TOTAL	33	100.00%	12	100.00%	14	100.00%

There are 12 branch offices with contiguous ATMs. All but 2 of the ATM machines at the branch offices accept deposits and dispense cash. Additionally, there are 2 free-standing, cash dispersing only ATMs located with-in local convenience stores.

Customers have 24-hour access to their accounts through mobile banking and through the internet (<http://www.ffbtn.com>). Internet and mobile banking services include transfers between FFB accounts, review of account balances, transactions, access to loan account information, and the payment of loans. Internet banking customers also have bill-paying capability. The bank offers MasterCard and Visa Check Cards that provide customers with additional access to their accounts at point-of-sale or ATM locations.

FFB's business strategy includes continued marketing of residential mortgage loans and commercial credit to small businesses and individuals through its products, staff, and locations. The bank actively generates mortgages, commercial, and consumer loans to customers located in Dickson, Cheatham, Hickman, Humphreys, and Williamson Counties, TN. Mortgage loans include residential home purchases, residential home refinancing, and home improvement loans. Commercial loan activity includes all types of commercial real estate development and construction. FFB offers conventional fixed- and adjustable-rate first and second mortgages as well as commercial mortgages. Loans secured by customer deposits, consumer loans, multi-family, home equity loans, and loans with private mortgage insurance are also available. The bank retains approximately one half of its mortgage loan production in its portfolio. In addition to conventional mortgage loans, the bank also offers loans insured by the Federal Housing

Administration, the Veteran's Administration, the United States Department of Agriculture, and the Tennessee Housing Development Authority. Additionally, the bank offers loans for business expansion as well as new business startups.

During this evaluation period, the economic downturn impacted the bank's AAs and resulted in manufacturing plant closures and layoffs as local industries adjusted to declining sales and lower demand. Business and retail loan demand declined significantly as borrowers deferred business expansion, development, and residential and retail purchases. The housing downturn also significantly impacted employment in the MSA and Non-MSA AAs. Weaknesses in the housing market severely curtailed independent contractors and other trades livelihood.

No business opportunities or credit needs of the community have been identified during this evaluation period. During this examination, two community contacts were made. One contact reported the need for additional low-cost housing. The other contact also reported a need for more financial education programs which include budgeting and debt management. It was also noted that there is a community need for a family crisis center to help with emergency housing and other needs. The contacts were complimentary of local bank participation in helping to meet the housing and other emergency needs of the market.

Description of Assessment Area(s)

FFB has two AA's. One AA is part of a MSA and the other is a Non-MSA. All counties in each AA are located in Tennessee. The combined AA's economy is diversified and not heavily dependent upon any one industry or employer, although agriculture does play an important role in many of the communities served by the bank. The AAs are described below.

Nashville-Davidson-Franklin-Murfreesboro (#34980) MSA AA

The Nashville-Davidson-Franklin-Murfreesboro (#34980) MSA AA consists of 28 census tracts (CTs) within the contiguous counties of Cheatham, Dickson, Hickman, and Williamson.

Although the bank does not have any branches in Cheatham County, it has elected to include Cheatham County within the AA due to its proximity to established branch locations within the Nashville, Tennessee MSA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

A summary of demographic information for the bank's MSA AA based upon 2010 Census data is as follows:

Demographic Information for MSA Assessment Area (AA) of Nashville-Davidson-Franklin-Murfreesboro (#34980) which includes Dickson, Cheatham, Hickman and Williamson County TN						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	28	0	32.14	60.71	7.14	0
Population by Geography	126,079	0	30.40	62.69	6.91	0
Owner-Occupied Housing by Geography	50,861	0	28.87	63.35	7.78	0
Businesses by Geography	9,093	0	29.90	61.55	8.55	0
Farms by Geography	624	0	28.37	64.58	7.05	0
Family Distribution by Income Level	34,180	22.24	22.19	23.46	32.12	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	15,183	50.06	49.94	-	-	0
Median Family Income	= \$57,072	Median Housing Value		= \$137,723		
HUD Adjusted Median Family Income (MFI) for 2012	= \$62,300	Average Unemployment Rate		= 5.6%		
Households Below the Poverty Level	= 12.59%					

(*) The NA category consists of geographies that have not been assigned an income classification. Source: 2010 U.S. Census and 2013 HUD updated MFI. Per the Bureau of Labor Statistics website, the unemployment rate as of September 2014 for Dickson County was 5.6%, Cheatham County 5.6%, Hickman County was 6.4%, and Williamson County was 4.8%. The unemployment rate for the State of Tennessee and US was 6.6% and 5.7%, respectively, as of September 2014.

As of the 2010 U.S. Census, the population of Dickson, Cheatham, Hickman, and Williamson County, TN was 126,079. The county seat of Dickson County is Dickson, Cheatham County is Ashland City, Hickman County is Centerville, and Williamson County is Franklin.

Dickson County's economic base is diverse. Major employers include: ConAgra Foods (packaging plant for sausage and biscuits) 535 employees; Tennsco Corp. (steel storage production) 524 employees; Nematik (alum cylinder heads/casting) 483 employees; Shiloh Industries, Inc. (metal automotive stamping) 257 employees; Porcelain Industries (porcelain coatings) 190 employees; Interstate Packaging (flexible packaging/sensitized labels) 170 employees; Martin-Brower Co. LLC (distribution center for fast food restaurants) 150 employees; Bridgestone APM (foam seating) 123 employees; Quad Graphics (offset/rotogravure printing) 120 employees; Nashville Wire Products, Inc. (wire parts for HVAC/wire shelving) 113 employees; Masonite International Corp. (wooden, steel, and fiberglass doors) 112 employees; and 3 other firms employing 226 employees. Dickson is also a bedroom community of the Greater Nashville area. Many residents commute to Nashville for employment. Natural resources include limestone, red, white oak and walnut timber. Agricultural products include corn, soybeans, hay, and cattle livestock. There are a total of 9 financial institutions in Dickson. Three of the 9 are branches of large holding company banks.

Cheatham County's economic base is diverse. Major employers include: AO Smith Water Products Co. (temperature control systems) 1,500 employees; Trinity Marine Products (barges and deck fittings) 450 employees; Gate Precast, Inc. (precast concrete panels) 100 employees; and 7 other firms employing 200 employees. Ashland City is also a bedroom community of the Greater Nashville area. Many residents commute to Nashville for employment. Natural resources include limestone and oak and poplar timber. Agricultural products include corn, soybeans, hay, and cattle livestock. There are a total of 5 financial institutions in Ashland City. Three of the five are branches of large holding company banks.

Hickman County's economic base is predominately agricultural. Major employers include: Accurate Energetic Systems (explosives) 110 employees; Sole Supports (customer orthotics) 95 employees; Agrana Fruit US, Inc. (fruit processing) 87 employees; and 5 other firms employing 168 employees. Centerville is also a bedroom community of the Greater Nashville area. Many residents commute to Nashville for employment. Natural resources include limestone, oak and poplar timber. Agricultural products include corn, soybeans, hay, wheat, and cattle livestock. There are a total of 3 financial institutions in Centerville. There are no branches of large holding company banks.

While Williamson County's economic base is diverse, the 3 census tracts included in the bank's AA are predominately agricultural. These census tracts include the City of Fairview. Major employers include: France Manufacturing (electric transformers and ballasts) 225 employees; Leatherwood, Inc. (wooden buildings and flooring) 50 employees; American Conveyor Group (conveyors) 35 employees; and 8 other firms employing 70 employees. Fairview is also a bedroom community of the Greater Nashville area. Many residents commute to Nashville for employment. Natural resources include limestone, oak and beech timber. Agricultural products include corn and tomatoes. There are a total of 4 financial institutions in Fairview. Two of the four are branches of large holding company banks.

Non MSA – AA of Humphreys County, TN

The Non-MSA AA consists of all of Humphreys County’s 5 CTs. There are no low- or moderate-income CTs within the Non MSA-AA. The AA meets the requirements of the regulation and does not arbitrarily exclude any low-or moderate-income areas.

Demographic Information for Non MSA Assessment Area (AA) of Humphreys County TN						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	5	0.00	0.00	80.00	20.00	0
Population by Geography	18,538	0.00	0.00	83.49	16.51	0
Owner-Occupied Housing by Geography	8,878	0.00	0.00	84.29	15.71	0
Businesses by Geography	1,336	0.00	0.00	84.66	15.34	0
Farms by Geography	109	0.00	0.00	90.83	9.17	0
Family Distribution by Income Level	5,192	14.89	19.01	22.30	43.80	0
Distribution of Low- and Moderate-Income Families throughout AA Geographies	1,760	43.96	56.08	-	-	0
Median Family Income	= \$50,271	Median Housing Value		= \$105,362		
HUD Adjusted Median Family Income (MFI) for 2012	= \$46,700	Unemployment Rate		= 6.8%		
Households Below the Poverty Level	= 12.46%					

(*) The NA category consists of geographies that have not been assigned an income classification.
 Source: 2010 U.S. Census and 2013 HUD updated MFI. Unemployment obtained from Bureau of Labor Statistics website. The September 2014 unemployment rate for the Non MSA was 6.8%. The unemployment rate for the State of Tennessee and US was 6.6% and 5.7%, respectively, as of September 2014.

As of the 2010 U.S. Census, the population of Humphrey’s County was 18,538. The county seat of Humphreys County is Waverly.

Humphreys County’s economic base is predominately agricultural. Major employers include: Matheson Tri-Gas (gas for industrial use) 120 employees; Dan Post Distribution Center (boot distribution) 90 employees; Waverly Wood Products (staves and cross ties) 80 employees; and 6 other firms employing 115 employees. Natural resources include crushed stone, sand, gravel and various wood products. Agricultural products include corn, soybeans, hay, wheat, and cattle livestock. There are a total of 4 financial institutions in Waverly. There are 2 branches of large holding company banks.

Conclusions with Respect to Performance Tests

LENDING TEST

FFBs performance under the Lending Test is rated “Satisfactory.” Based on a full scope review, the banks performance in the two AAs is satisfactory. FFB’s overall loan-to-deposit ratio is reasonable and a substantial majority of the bank’s loans are inside the bank’s AAs.

Loan-to-Deposit Ratio

FFB’s loan-to-deposit (LTD) ratio is reasonable and meets the standard for satisfactory performance given the bank’s size, financial condition, and the combined AA’s credit needs. FFB’s quarterly average LTD ratio since the prior CRA evaluation was 53.42%, which is less than the average quarterly ratio for similarly situated institutions over the same time period. Quarterly averages ranged from a high of 71.86% (Traditions First Bank, Erin, TN) to the low of 53.42% (First Federal Bank, Dickson, TN). During the economic downturn, loan demand weakened. This is reflected in declining average LTD ratios for all of the banks listed.

Loan-To-Deposit Ratios		
Institution	\$ Total Assets in Millions (As of 09/30/2014*)	Average Loan- to-Deposit Ratio(**)
<i>Dickson County Tennessee:</i>		
First Federal Bank, Dickson, TN	461	53.42
Bank of Dickson, Dickson, TN	221	65.81
First Bank, Lexington, TN (2)	2,303	71.33
TriStar Bank, Dickson, TN (4)	217	55.95
Traditions First Bank, Erin, TN	112	71.86
First Farmers and Merchants Bank, Columbia, TN (1)	1,110	60.67
<i>Cheatham County Tennessee:</i>		
Community Bank & Trust, Ashland City, TN	35	61.24
Heritage Bank USA, Inc., Hopkinsville, KY	945	70.21
<i>Hickman County Tennessee:</i>		
Branches of First Farmers and Merchants Bank, Columbia, TN	(1) Above	(1) Above
Community First Bank & Trust, Columbia, TN (3)	450	68.48
<i>Williamson County Tennessee:</i>		
Branches of First Bank, Lexington, TN	(2) Above	(2) Above
Branches of First Farmers and Merchants Bank, Columbia, TN	(1) Above	(1) Above
Branches of Community First Bank & Trust, Columbia, TN	(3) Above	(3) Above
Branches of TriStar Bank, Dickson, TN	(4) Above	(4) Above
<i>Humphreys County Tennessee:</i>		
Branches of First Bank, Lexington, TN	(2) Above	(2) Above

* Asset sizes of institutions are in millions (000,000's)

**Source: Institution Reports of Condition for 12 quarter period from September 2011 through June 2014.

As of June 30, 2014, 38 financial institutions with 144 offices reside within the bank's AAs of Dickson, Cheatham, Hickman, Humphreys, and Williamson Counties, Tennessee. In total, these institutions controlled \$7.444 billion in deposits. FFB controlled the 8th largest market share at \$387 million, or 5.19% of total deposits for all institutions. The seven institutions controlling a

higher percentage of the market are either large holding company banks (4 banks) headquartered in other states, one large holding company bank headquartered in west TN, and large regional banks (2 banks) headquartered in the Nashville area. These institutions market share of deposits ranged from a high of 9.85% (Regions Bank, Birmingham, AL) to a low of 6.35% First Tennessee Bank, NA, Memphis, TN). Similarly situated banks in the market included: Reliant Bank, Brentwood, TN controlled \$314 million (4.22%); First Bank, Lexington, TN controlled \$238 million (3.2%); Bank of Dickson, Dickson, TN controlled \$186 million (2.5%); TriStar Bank, Dickson, TN controlled \$160 million (2.15%); Community Bank and Trust, Ashland City, TN controlled \$148 million (1.99%); First Farmers and Merchants Bank, Columbia, TN controlled \$144 million (1.93%); Community First Bank and Trust, Columbia, TN controlled \$141 million (1.90%); Heritage Bank USA, Inc., Hopkinsville, KY controlled \$85 million (1.14%); Tradition First Bank, Erin, TN controlled \$36 million (0.48%); and, twenty other banks which controlled \$1.3 billion (ranging from 0.01% to 4.58%) of the deposit market.

Lending in Assessment Area

FFB's record of lending in its AAs is excellent. As evidenced by the chart below, a substantial majority of FFB's loans are inside the bank's AA. The number of residential and business loans inside the bank's AA was 92.23% and 89.92%, respectively. Similarly, the dollar amount of residential and business loans inside the bank's AA was 87.08% and 91.750%, respectively. Collectively, the number and dollar amount of loans was 91.96% and 87.70%, respectively. Conclusions are based on all HMDA reportable loans and business/farm loans in our loan sample. Loans originated during 2012 and 2013.

Table 1 - Lending in AAs										
Nashville-Davidson-Murfreesboro-Franklin MSA AA (#34980) and Non MSA AA of Humphreys County, TN										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	396	91.24	38	8.76	434	19,328	91.95	5,102	10.43	48,905
Home Improvement	71	98.61	1	1.39	72	5,269	95.92	224	4.08	5,493
Home Refinance	352	92.15	30	7.85	382	38,962	90.46	4,108	9.54	43,070
Total HMDA Residential Loans	819	92.23	69	7.77	888	63,559	87.08	9,434	12.92	72,993
Business Loans	107	89.92	12	10.08	119	10,337	91.75	930	8.25	11,267
Total	926	91.96	81	8.04	1,007	73,896	87.70	10,364	12.30	84,260

Source: All HMDA reportable residential loans originated during 2012 and 2013 are included. Residential loans include home purchase, home improvement, and home refinances loans. Business loans include a sample of loans also originated during 2012 and 2013; 2010 U.S. Census Data.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

FFB's overall record of lending to borrowers of different incomes demonstrates excellent penetration (see Table 2). In the bank's MSA AA, the percent of Home Purchase low-income families is 21.62%, Home Improvement low-income families is 24.16%, and the percent of Refinance home loans to low-income families is 13.23%. HMDA data for 2012 and 2013 reflects that the number of residential loans (home purchase, home improvement, and refinance) was at or exceeded the ratio of low-income families at 21.37%, 24.24%, and 17.83%, respectively. Similarly, in the bank's MSA AA, the percent of Home Purchase moderate-income families is 31.95%, Home Improvement moderate-income families is 31.97%, and the percent of Refinance home loans to moderate-income families is 25.29%. HMDA data for 2012 and 2013 reflects that the number of residential loans (home purchase, home improvement, and refinance) was at or exceeded the ratio of moderate-income families at 29.49%, 36.36%, and 23.26%, respectively.

Conversely, FFB's overall record of lending to borrowers of different incomes demonstrates reasonable to poor penetration (see Table 2) in the bank's Non MSA AA. The percent of Home Purchase low-income families is 9.55%, Home Improvement low-income families is 10.53%, and the percent of Refinance home loans to low-income families is 6.37%. HMDA data for 2012 and 2013 reflects that the number of residential loans (home purchase, home improvement, and refinance) was at or exceeded the ratio of low-income families at 8.86%, 18.75%, and 7.69%, respectively. Similarly, in the bank's Non MSA AA, the percent of Home Purchase moderate-income families is 25.84%, Home Improvement moderate-income families is 23.68%, and the percent of Refinance home loans to moderate-income families is 12.79%. HMDA data for 2012 and 2013 reflects that the number of residential loans (home purchase, home improvement, and refinance) was below the ratio of moderate-income families at 13.92%, 18.75%, and 11.54%, respectively.

Mitigating factors for less than ratio residential loans to moderate-income borrowers during 2012 and 2013 include census data, which reflects 12.46% of households in the bank's Non-MSA AA were below the poverty level. Competitive factors in the market also influenced residential loan demand. As such, there were fewer opportunities to lend to moderate-income borrowers. Due to the economic downturn/housing bubble, the demand for home loans declined at all borrower income levels during the review period. When taking into consideration weak residential loan demand during the review period, the bank's overall performance reflects reasonable penetration and meets the standards for satisfactory performance. Of the two AAs, the bank's MSA AA is the larger and stronger market. Therefore, more weight is given to performance in that market. Additionally, the bank frequently directs low- and moderate-income home loans into government home loan programs such as Rural Development and Farmers Home Administration (FHA). The bank also assists low- and moderate-income borrowers through the secondary market program.

Based on Dunn and Bradstreet data, business revenues within the MSA AA and Non-MSA AAs reflect that 76.52% and 71.63% have annual sales less than \$1 million, 2.19% and 3.82% exceed \$1 million, and 21.29% and 24.55% of business sales are unavailable. Comparatively, based on

the loan sample, the number of loans to businesses within the MSA AA with business revenues less than \$1 million was reasonable for 2012 and 2013 at 78.00%. The number of loans to businesses within the Non-MSA AA with business revenues less than \$1 million was also reasonable for 2012 and 2013 at 66.67%. Based on the dollar amount of business loan originations for the same periods, 47.40% and 57.08%, respectively, were to businesses with revenues less than \$1 million.

Table 2 - Borrower Distribution of Residential Real Estate Loans in MSA AA of Nashville-Davidson-Murfreesboro-Franklin (#34980) TN 2012 and 2013 Loan Originations								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	21.62	21.37	31.95	29.49	24.69	23.50	21.74	25.64
Home Improvement	24.16	24.24	31.97	36.36	24.16	24.24	19.70	15.15
Refinance	13.23	17.83	25.29	23.26	29.07	34.88	32.41	24.03

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Table 2 - Borrower Distribution of Residential Real Estate Loans in Non MSA AA of Humphreys County TN 2012 and 2013 Loan Originations								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	9.55	8.86	25.84	13.92	20.79	27.85	43.82	49.37
Home Improvement	10.53	18.75	23.68	18.75	15.79	12.50	50.00	50.00
Refinance	6.39	7.69	12.79	11.54	23.74	32.69	57.08	48.08

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Table 2A - Borrower Distribution of Loans to Businesses in Loans in MSA AA of Nashville-Davidson-Murfreesboro-Franklin (#34980) TN 2012 and 2013 Loan Originations				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.52	2.19	21.29	100%
% of Bank Loans in AA by #	78.00	10.00	12.00	100%
% of Bank Loans in AA by \$	47.40	25.31	27.29	100%

Source: Loan sample; Dunn and Bradstreet data.

Table 2A - Borrower Distribution of Loans to Businesses in Non MSA AA of Humphreys County TN 2012 and 2013 Loan Originations				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	71.63	3.82	24.55	100%
% of Bank Loans in AA by #	66.67	22.81	10.52	100%
% of Bank Loans in AA by \$	57.08	27.12	15.80	100%

Source: Loan sample; Dunn and Bradstreet data.

There were no significant gaps or areas of low penetration in the bank's lending patterns identified during this review period.

Geographic Distribution of Loans

FFB's geographic distribution of loans reflects reasonable dispersion and meets the standard for satisfactory performance.

Based on 2010 US Census data, there were no low-income census tract in the MSA and no low- and moderate-income census tracts in the Non-MSA AA. There were, however, 9 moderate-income (32.14%) census tracts in the bank's MSA AA. At 34.04%, 35.29%, and 29.89%, the number of residential home purchase loans, home improvement loans, and refinance loans in moderate-income census tracts shows excellent penetration based on the 2012 and 2013 HMDA loan data. At 27.55%, the number of loans originated to businesses located in moderate-income census tracts based on our loan sample is reasonable. There were no significant gaps or areas of low penetration in the bank's lending patterns identified during this review period.

Table 3 - Geographic Distribution of Residential Real Estate Loans in MSA AA of Nashville-Davidson-Murfreesboro-Franklin (#34980) TN 2012 and 2013 Loan Originations								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	25.48	34.04	65.14	64.68	9.38	1.28
Home Improvement	0.00	0.00	28.89	35.29	63.70	61.76	6.41	2.94
Refinance	0.00	0.00	23.83	29.89	64.86	69.73	11.32	0.38

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Table 3 - Geographic Distribution of Residential Real Estate Loans in Non MSA AA of Humphreys County TN 2012 and 2013 Loan Originations								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Purchase	0.00	0.00	0.00	0.00	80.38	79.75	19.62	20.25
Home Improvement	0.00	0.00	0.00	0.00	84.62	84.29	15.38	6.25
Refinance	0.00	0.00	0.00	0.00	79.50	81.13	20.50	15.71

Source: Indicate source, i.e., loan sample or data reported under HMDA; U.S. Census data.

Table 3A - Geographic Distribution of Loans to Businesses in MSA AA of Nashville-Davidson-Murfreesboro-Franklin (#34980) TN 2012 and 2013 Loan Originations								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00	0.00	29.90	27.55	61.55	71.71	8.55	1.28

Source: Indicate source, i.e., loan sample or data collected by bank; D & B data;

Table 3A - Geographic Distribution of Loans to Businesses in Non MSA AA of Humphreys County TN 2012 and 2013 Loan Originations								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
	0.00	0.00	0.00	0.00	84.66	95.24	15.34	4.76

Source: Indicate source, i.e., loan sample or data collected by bank; D & B data;

Responses to Complaints

There have been no consumer complaints relating to the bank’s CRA performance during this evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's overall performance under the community development test is rated "Outstanding."

The bank's performance under the Community Development Test is rated "outstanding." FFB demonstrated excellent responsiveness to Community Development needs in its MSA AA through CD lending, investments, and services. However, FFB demonstrated very poor responsiveness to Community Development needs in its Non MSA AA through CD lending, and investments. This is attributed to the competitive environment and presence of a number of large holding company banks located in the Non-MSA. For Community Development Test purposes, more weight is given the bank's performance in the MSA AA with 9 of the bank's 12 offices, or 75%, are concentrated within this AA. Loan and deposit volumes also are more concentrated in this AA. Based on a full-scope review, the bank's overall performance is outstanding.

Number and Amount of Community Development Loans

From October 13, 2011 through December 1, 2014, FFB originated a number of community development loans, investments, and grants/donations. We determined 35 of these qualified for community development purposes totaling \$10,432,000. As evidenced by the table on page 18, 12 loans and 23 investments totaling \$6,320,000 and \$4,105,000, respectively, were determined to be for community development purposes. These loans and investments originated in the banks MSA AA. During the review period, there were no loans or investments originations in the bank's Non-MSA AA. However it should be noted that opportunities to originate community development loans in Humphreys County AA are limited since there are no low- or moderate-income census tracts within the Non MSA AA. Additionally, the bank had \$7,000 in grants and donations.

Based on the composition of the bank's branches, deposits, and loan markets, the MSA AA comprises a larger portion of the bank's business and therefore was given more consideration in the community development loan analysis. Specific examples of qualifying loans for community development organizations within the banks MSA AA follow:

Borrower DEF

In 2014, FFB originated a \$506,000 office purchase and renovation loan to provide lease space for future rental income. Income generated by this non-profit organization is used to provide care for abused and neglected children and families. Clients are typically from low-and moderate-income families located in Dickson, Humphreys and Cheatham County. All counties are in the bank's AA.

Individual Borrowers H & I

In 2014, FFB originated a \$472,500 loan to purchase a foreclosed 17 unit multi-family apartment complex. At least 7 of the units are rented through Dickson Housing Authority as Section 8 Housing. These units provide housing for low-and moderate-income families.

Borrower PQR

In 2012, FFB originated a \$541,154 loan to purchase a 17-unit multi-family apartment complex, which provides housing to low-income individuals through the Dickson Housing Authority.

Individual Borrowers 1 & 2

In 2013, FFB originated a \$222,933 loan to purchase 8 rental property units located in a moderate-income census tract in the bank's AA. Units are rented to low-and-moderate income families.

Tax-Exempt Loans for Dickson County, Tennessee School Projects

In 2013, FFB originated 7 tax-exempt loans totaling \$4,457,000 to finance county-wide school projects. The majority of Dickson County students are from low-and moderate-income families. 54% of county wide students are being feed through the free or reduced lunch program.

Number and Amount of Qualified Investments

Qualifying investments are investments, deposits, membership shares, or grants that have as their purpose community development, as defined in the CRA regulation.

Federal Home Loan Banks Step Up Bonds

In 2012 and 2013, FFB invested in three FHLB Step Up Bonds totaling \$2,650,000. Proceeds are used to finance local economic development, home building, job creation, and infrastructure. There are 9 moderate-income census tracts within FFBs MSA AA. Within the banks MSA AA, 12.59% of households are below the poverty level. Within the banks Non-MSA AA, 12.46% of households are below the poverty level.

Tennessee Housing Development Authority (THDA) Residential Finance Bonds

In 2013, FFB invested in three Tennessee Housing Development Authority bonds totaling \$955,000. The purpose of THDA bonds is to provide reduced fixed rate mortgage loans to very low and low-to-moderate income first-time home buyers. The majority of the proceeds from these issues were for single-family first lien mortgage loans.

Tennessee State School Bond-Higher Education Bonds

Although not in the bank's AAs, FFB invested in two higher education bonds in 2012 and 2013 totaling \$500,000. These funds helped provide college student housing in Shelby County, TN. 25% of the 100 census tracts in Shelby County are low-and moderate-income census tracts.

Extent to Which the Bank Provides Community Development Services

Originated Donations

There were 15 individual donations within FFB's AAs for the period 2012 through December 1, 2014 totaling \$6,972. These donations were to organizations such as Habitat for Humanity, Dickson Community Clinic, Meals on Wheels, Dickson County Board of Education, and other organizations. These donations helped to provide housing, pay medical bills, provide meals, inventory food pantry supplies, pay for medical treatments, and support students of low-and moderate-income families. There were also numerous donations to various sporting organizations, which supported youth from LMI families. Although not considered qualifying donation for CRA purposes, FFB generously contributed to other organizations which support organizations and events within the local communities.

Community Development Lending and Investments in Tennessee AA			
<i>Community Development Lending</i>			
		#	\$ Amount (000's)
Originated CD Loans	AA	12	6,320
Unfunded Commitments*	N/A	0	0
Total CD Loans		12	6,320
Community Development Investments			
Qualified Investments	AA	8	4,105
Originated Grants/Donations	AA	15	7
Unfunded Commitments*	N/A	0	0
Total Qualified Investments		23	4,112
Total Community Development Lending and Investments	AA	35	10,432

Responsiveness to Community Development Needs

FFB's record of providing community development services is excellent. A number of the bank's officers and employees are members of civic clubs and community boards. Board members actively support recruiting, expansion, and promoting new and existing industries in FFB's AAs.

Bank management and the Board actively support bank officers and employees who take a leadership role in local civic clubs, non-profit organizations, and local school systems. Individually, FFB employees have been involved in civic organizations which assist and support low- and moderate-income individuals and children of low- and moderate income families. During this evaluation period, employees have been involved in activities which assist local food banks (Second Harvest Food Bank and Dickson County Help Center), food donated to local churches for elderly meal programs and needy families, United Way of Dickson County, United Way of Humphreys County, Child Advocacy Center, local senior centers, activities to raise funds to support medical treatment for poor and indigent, employee donations through payroll

deductions which benefit Goodwill, Care Pregnancy Center, and other organizations that support low-and moderate-income families. Three bank branches provided Christmas gifts for low-income children selected by the local Department of Human Services. Bank employees have also been involved in the weekly delivery of Meals on Wheels to shut-in individuals. A bank employee donated labor to assist in the construction of a Habitat for Humanity home. FFB additionally provides no rent office space to United Way of Humphreys County.

Bank employees have also been supportive of local school systems in the financial training and education of all students including those from low- and moderate-income families. Employees have provided “school bank” programs weekly to grades K through 5th grade. This program provides education and training on the opening of bank accounts, balancing deposits, and maintaining a check book. Other training provided to grades 1 through 5 includes “career day” lectures which addressed money and banking topics.

FFB has an array of alternative delivery systems which benefit low-and moderate-income individuals. Within the bank’s AAs, there are 12 full service branches with drive-up facilities and ATMs, which are continually around-the-clock available via auto and pedestrian. Ten of the 12 ATMs are free-standing (accepts deposits and dispenses cash) and two ATMs are cash dispensing only. Additionally, there are two free-standing, cash dispensing only ATMs located within-in local convenience stores. Branches provide at least 40 hours of teller service weekly. Other services include account access (by 24-hour telephone inquiry with a Voice Response system), and Internet Banking capabilities which provides deposit account information, loan account information including the ability to make payments, transfer funds, and bill payment.

The bank’s overall responsiveness through community development activities, to community development lending, investment, and services needs is excellent. This is best supported by the number and volume of community development loans originated during this evaluation period. These loans help promote employment; stabilize, promote and support local economies; and, help provide affordable housing to low- and moderate-income families within FNB’s Tennessee non MSA AA. FNB has taken a lead role and been a strong supporter of community development loans. Service needs are also being met through outreach meetings targeted to low- and moderate-income individuals and children of low- and moderate-income families. Additionally, bank officers serve and often take a lead role on various community boards. Bank officers are also active in local civic clubs, which in many instances, assist and promote under privilege individuals including low- and moderate-income individuals and children of low- and moderate-income families within the community.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 CFR 25.28(c), or 12 CFR 195.28(c), in determining a national bank’s (bank) or Federal savings association’s (FSA) CRA rating, respectively, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank or FSA, or in any AA by an affiliate whose loans have been considered as part of the bank’s or FSA’s lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet the community credit needs.