PUBLIC DISCLOSURE

June 18, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Financial Federal Bank
RSSD #590976

1715 Aaron Brenner Drive Suite #100
Memphis, Tennessee 38120

Federal Reserve Bank of St. Louis

P.O. Box 442
St. Louis, Missouri 63166-0442

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 the 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: This institution is rated SATISFACTORY.

The Lending Test is rated:	**Satisfactory**
The Community Development Test is rated:	**Satisfactory**

Financial Federal Bank meets the criteria for a Satisfactory rating based on the evaluation of the bank's lending and community development activities. The factors supporting the institution's rating are as follows:

- The loan-to-deposit (LTD) ratio is reasonable given the institution's size, financial condition, and assessment area credit needs.

- A majority of loans and other lending-related activities are in the assessment area.

- The geographic distribution of loans reflects an excellent dispersion throughout the assessment area.

- The distribution of loans to borrowers reflects poor penetration among individuals of different income levels (including low- and moderate-income [LMI] levels) and businesses of different revenue levels.

- There were no CRA-related complaints filed against the bank since the previous CRA evaluation.

- The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of its assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area. The bank has responded to these needs through community development loans, qualified investments, and community development services.

SCOPE OF EXAMINATION

The bank's CRA performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC's) *Interagency CRA Procedures for Intermediate Small Institutions.* The intermediate small bank examination procedures entail two performance tests: the Lending Test and the Community Development Test. Home Mortgage Disclosure Act (HMDA) and small business loans were used to evaluate the bank's lending performance, as these loan categories are considered the bank's core business lines based on lending volume and the bank's stated business strategy.[1] Therefore, the loan activity represented by these credit products is deemed indicative of the bank's overall lending performance. However, as the bank has a particular emphasis on home mortgage lending and community contacts noted a need for affordable housing in the assessment area, performance based on the HMDA loan category

[1] Small business loan types were sampled for this review according to CA Letter 01-8, "CRA Sampling Procedures."

carried the most significance toward the bank's overall performance conclusions. The following table details the performance criterion and the corresponding time periods used in each analysis.

Performance Criterion	Time Period
LTD Ratio	June 30, 2013 – March 31, 2018
Assessment Area Concentration	January 1, 2017 – December 31, 2017
Geographic Distribution of Loans	January 1, 2017 – December 31, 2017
Loan Distribution by Borrower's Profile	January 1, 2017 – December 31, 2017
Response to Written CRA Complaints	April 15, 2013 – June 17, 2018
Community Development Activities	April 15, 2013 – June 17, 2018

Lending Test analyses often entail comparisons of bank performance to assessment area demographics and the performance of other lenders, based on HMDA and CRA aggregate lending data. Unless otherwise noted, assessment area demographics are based on 2015 U.S. Census data; certain business and farm demographics are based on 2017 Dun & Bradstreet data. When analyzing bank performance by comparing lending activity to both demographic and aggregate lending data, greater emphasis is generally placed on the aggregate lending data, because it is expected to describe many factors impacting lenders in an assessment area. Aggregate lending datasets are also updated annually and are, therefore, expected to predict more relevant comparisons. In addition, the bank's lending levels were evaluated in relation to those of comparable financial institutions operating in the same general region. Three banks were identified as similarly situated peers, with asset sizes ranging from $393.6 million to $696.1 million as of March 31, 2018.

As part of the Community Development Test, the bank's performance was evaluated using the following criteria, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

- The number and dollar amount of community development loans.
- The number and dollar amount of qualified investments and donations.
- The extent to which the bank provides community development services.

The review included community development activities initiated from the date of the bank's previous CRA evaluation to this review date.

To augment this evaluation, two interviews were conducted with knowledgeable individuals residing or conducting business in the bank's assessment area. These interviews were conducted to ascertain specific credit needs, opportunities, and local market conditions in the bank's assessment area. Information from these interviews also assisted in evaluating the bank's responsiveness to identified community credit needs and community development opportunities. Key details from these interviews are included in the *Description of Assessment Area* section.

DESCRIPTION OF INSTITUTION

Financial Federal Bank is a full-service retail bank offering both consumer and commercial loan and deposit products. The bank is wholly owned by Financial Fedcorp, Inc., a one-bank holding company. Both the bank and its holding company are headquartered in Memphis, Tennessee. The bank has one full-service office, its headquarters, located in an upper-income census tract in the eastern portion of Shelby County. The bank does not have automated teller machines or offer cash transaction services at this location. In addition, the bank has two commercial loan production offices (LPOs) located in Nashville, Tennessee, and Atlanta, Georgia. The bank did not open or close any offices during this review period. Given its lack of branch offices, the bank faces significant challenges in serving the entirety of Shelby County, particularly in the westernmost portions of the county that include several LMI census tracts. As discussed in the following section, the bank is 1 of 35 banks and operates just 1 of 225 bank branch offices in Shelby County.

For this review period, no legal impediments or financial constraints were identified that would have hindered the bank from serving the credit needs of its customers, and the bank appeared capable of meeting assessment area credit needs given its available resources and financial products. On March 31, 2018 the bank reported total assets of $540.7 million. On the same date, loans and leases outstanding were $517.7 million (95.7 percent of total assets) and deposits totaled $382.0 million. The bank's loan portfolio composition by credit category is displayed in the following table:

Distribution of Total Loans as of March 31, 2018		
Credit Category	**Amount ($000s)**	**Percentage of Total Loans**
Construction and Development	$82,523	15.9%
Commercial Real Estate	$144,512	27.9%
Multifamily Residential	$37,073	7.2%
1–4 Family Residential	$175,440	33.9%
Farmland	$5,283	1.0%
Commercial and Industrial	$62,783	12.1%
Loans to Individuals	$10,114	2.0%
TOTAL	**$517,728**	**100%**

As indicated in the table above, a significant portion of the bank's lending resources is directed to loans secured by 1–4 family residential properties, commercial real estate loans, and construction and development loans.

The bank received a Satisfactory rating at its previous CRA evaluation conducted on April 15, 2013, by this Reserve Bank.

DESCRIPTION OF ASSESSMENT AREA

General Demographics

The bank's assessment area, which has a population of 937,750, is located in southwest Tennessee and consists of Shelby County in its entirety. This county is part of the Memphis, Tennessee-Mississippi-Arkansas metropolitan statistical area (Memphis MSA). The Memphis MSA includes two additional counties in Tennessee, as well as four counties in Mississippi and one county in Arkansas. Shelby County includes the downtown area of the city of Memphis in the western portion of the county and more suburban areas in the eastern portion of the county.

According to the Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report data as of June 30, 2017, there are 35 FDIC-insured depository institutions in the assessment area that operate 225 offices. Financial Federal Bank (operating one, or 0.4 percent, office in the assessment area) ranked 13th out of 35 banks in terms of deposit market share, with 1.4 percent of the total assessment area deposit dollars.

Credit needs in the area are varied and include a blend of consumer and business credit products. As noted by community contacts, specific credit needs in the assessment area include small-dollar loans for start-up businesses and single and multifamily affordable housing for low-income families. Community contacts also described a high level of opportunity for financial institutions to participate in community development activities in the assessment area.

Income and Wealth Demographics

The following table summarizes the distribution of assessment area census tracts by income level and the family population within those tracts.

Assessment Area Demographics by Geography Income Level						
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**Unknown**	**TOTAL**
Census Tracts	64	49	32	70	6	**221**
	29.0%	22.2%	14.5%	31.7%	2.7%	**100%**
Family Population	43,624	47,258	32,806	96,359	404	**220,451**
	19.8%	21.4%	14.9%	43.7%	0.2%	**100%**

As shown above, 51.2 percent of the census tracts in the assessment area are LMI geographies, but only 41.2 percent of families reside in these tracts.

Based on 2015 U.S. Census data, the median family income for the assessment area was $57,571. At the same time, the median family income for the Memphis MSA was $58,186. More recently, the FFIEC estimates the 2017 median family income for the Memphis MSA to be $59,100. The following table displays population percentages of assessment area families by income level compared to the Memphis MSA family population as a whole.

Family Population by Income Level					
Dataset	**Low-**	**Moderate-**	**Middle-**	**Upper-**	**TOTAL**
Assessment Area	58,014	33,724	35,604	93,109	**220,451**
	26.3%	15.3%	16.2%	42.2%	**100%**
Memphis MSA	80,440	51,623	56,875	136,883	**325,821**
	24.7%	15.8%	17.5%	42.0%	**100%**

As shown in the table above, 41.6 percent of families within the assessment area are LMI, which is slightly above the LMI family percentages of 40.5 percent in the Memphis MSA. Similarly, the percentage of families living below the poverty threshold in the assessment area, 16.7 percent, is only slightly above the 14.9 percent level in the Memphis MSA. Considering these factors, the assessment area appears similar in affluence to the MSA as a whole.

Housing Demographics

Based on housing values, income levels, and rental costs, housing in the assessment area appears to have similar affordability when compared to the Memphis MSA. The median housing value for the assessment area is $130,763, which is below the figure for the Memphis MSA, $133,347. However, the median gross rent for the assessment area of $859 per month is slightly higher than the $849 per month for the Memphis MSA. Furthermore, the assessment area housing affordability ratio of 35.3 percent is in line with the Memphis MSA figure of 35.7 percent.

Furthermore, rental units appear to be slightly more prominent in the assessment area than in the Memphis MSA. Of all housing units in the assessment area, 36.9 percent are rental units compared to 33.7 percent of rental units found in the Memphis MSA. Even so, information from community contacts suggests that there is demand for more affordable rental housing.

Industry and Employment Demographics

The assessment area supports a large and diverse business community, including a strong small business sector. According to 2017 Dun & Bradstreet data, 86.2 percent of businesses have annual revenues under $1 million. County Business Patterns data indicates that there were 435,457 paid employees in the assessment area in 2016. By percentage of employees, the three largest job categories in the assessment area were healthcare and social assistance (16.4 percent), followed by transportation and warehousing (11.6 percent) and retail trade (11.1 percent). The table below details unemployment data from the U.S. Department of Labor, Bureau of Labor Statistics (not seasonally adjusted) for the assessment area compared to the Memphis MSA as a whole.

Unemployment Levels for the Assessment Area		
Time Period (Annual Average)	**Assessment Area**	**Memphis MSA**
2014	7.6%	7.6%
2015	6.4%	6.4%
2016	5.5%	5.5%
2017	4.5%	4.4%

As shown in the table above, unemployment levels for the assessment area, as well as the Memphis MSA, have shown a decreasing trend. Additionally, unemployment levels in the assessment area are in line with the Memphis MSA levels.

Community Contact Information

Information from two community contacts was used to help shape the performance context in which the bank's activities in this assessment area were evaluated. One of these community contacts is an individual with an organization specializing in affordable housing, and one is with an organization specializing in small business development.

The contacts generally expressed that LMI individuals in the assessment area are facing many challenges. They explained that there are few employment opportunities for LMI people due to a lack of education and an unskilled workforce. The contacts explained that many LMI people have credit issues, and this remains the biggest barrier to obtaining credit from financial institutions. One contact noted that LMI borrowers face barriers when trying to obtain a home loan because they do not qualify for traditional credit products and many distrust financial institutions.

LMI neighborhoods were also said to face challenges. One interviewee identified affordable rental housing as a significant need in the assessment area due to more people entering the market and an aging housing stock in LMI neighborhoods, such as Frayser, Southeast Memphis, and the Downtown. The same contact noted a need for senior housing due to an aging population in general in the Memphis MSA. One community contact noted a need in LMI neighborhoods for access to grocery stores due to the recent closing of two local grocery stores.

Both contacts offered suggestions for financial institutions to become involved in addressing these problems. According to one contact, financial institutions could offer small-dollar mortgages with flexibility on credit scores to help LMI people qualify for home loans. The other contact explained the need for financial education and homeownership counseling and that there are down payment assistance programs available that can help LMI borrowers obtain home loans, but that a lack of marketing limits their effectiveness. The other contact described a need for small-dollar loans to help start-up small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

LENDING TEST

Loan-to-Deposit (LTD) Ratio

One indication of the bank's overall level of lending activity is its LTD ratio. The chart below displays the bank's average LTD ratio in comparison to those of regional peers. The average LTD ratio represents a 20-quarter average, dating back to the bank's last CRA evaluation.

LTD Ratio Analysis			
Name	**Headquarters**	**Asset Size ($000s) as of March 31, 2018**	**Average LTD Ratio**
Financial Federal Bank	Memphis, Tennessee	$540,690	138.3%
Regional Banks	West Memphis, Arkansas	$460,488	111.5%
	Memphis, Tennessee	$696,100	96.0%
	Memphis, Tennessee	$393,632	94.9%

Based on data from the previous table, the bank's level of lending is above that of other banks in the region. During the review period, the LTD ratio experienced a generally stable trend with a 20-quarter average of 138.3 percent. In comparison, the average LTD ratios for the regional peers were lower and had a generally stable trend. The bank's structure and business model are significant factors in the bank's high LTD ratio when compared to peers. Given this information as well as the bank's size, financial condition, and assessment area credit needs, the LTD ratio is reasonable.

Assessment Area Concentration

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside and outside the bank's assessment area.

Lending Inside and Outside of Assessment Area January 1, 2017 through December 31, 2017						
Loan Type	**Inside Assessment Area**		**Outside Assessment Area**		**TOTAL**	
HMDA	424	88.5%	55	11.5%	**479**	**100%**
	$87,101	74.1%	$30,470	25.9%	**$117,571**	**100%**
Small Business	41	56.2%	32	43.8%	**73**	**100%**
	$11,821	69.8%	$5,114	30.2%	**$16,935**	**100%**
TOTAL LOANS	**465**	**84.2%**	**87**	**15.8%**	**552**	**100%**
	$98,922	**73.5%**	**$35,584**	**26.5%**	**$134,506**	**100%**

A majority of loans and other lending-related activities were made in the bank's assessment area. As shown above, 84.2 percent of the total loans were made inside the assessment area, accounting for 73.5 percent of the dollar volume of total loans. The percentage of HMDA loans originated inside the assessment area (88.5 percent) was significantly higher than the small business number (56.2 percent). This is a result of the bank's commercial LPOs that are located outside of the assessment area in Nashville, Tennessee, and Atlanta, Georgia.

Geographic Distribution of Loans

As noted previously, the assessment area includes 64 low-income and 49 moderate-income census tracts, representing 51.2 percent of all assessment area census tracts. Overall, the bank's geographic distribution of loans in this assessment area reflects excellent penetration throughout these LMI census tracts, based on the HMDA and small business loan categories. As previously stated, performance in the HMDA loan category carried the most significance in the overall rating of excellent for geographic distribution.

The following table displays the geographic distribution of 2017 HMDA loans compared to owner-occupied housing demographics and aggregate performance for the assessment area.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2017 through December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	4	1.6%	9	3.7%	20	8.2%	210	86.4%	0	0.0%	**243**	**100%**
Refinance	38	23.6%	33	20.5%	27	16.8%	63	39.1%	0	0.0%	**161**	**100%**
Home Improvement	5	35.7%	7	50.0%	1	7.1%	1	7.1%	0	0.0%	**14**	**100%**
Multifamily	0	0.0%	1	16.7%	4	66.7%	1	16.7%	0	0.0%	**6**	**100%**
TOTAL HMDA	**47**	**11.1%**	**50**	**11.8%**	**52**	**12.3%**	**275**	**64.9%**	**0**	**0.0%**	**424**	**100%**
Owner-Occupied Housing	13.8%		18.8%		15.9%		51.4%		0.0%		**100%**	
2017 HMDA Aggregate	4.9%		11.8%		14.5%		68.9%		0.0%		**100%**	

The analysis of HMDA loans revealed excellent lending performance to borrowers residing in low-income geographies. The bank's total penetration of low-income census tracts by number of loans (11.1 percent) is just below the percentage of owner-occupied housing units in low-income census tracts (13.8 percent). However, the bank's performance in low-income census tracts is well above the performance of other lenders in the assessment area based on 2017 HMDA aggregate data (4.9%).

Bank performance in moderate-income census tracts is reasonable. The bank's total penetration of moderate-income census tracts by number of loans (11.8 percent) is below the percentage of owner-occupied housing units in moderate-income census tracts (18.8 percent). The bank's performance in moderate-income census tracts is in line with that of other lenders based on aggregate lending data, which indicate 11.8 percent of aggregate HMDA loans inside this assessment area were made to borrowers residing in moderate-income census tracts. Combined, the bank's geographic distribution of HMDA loans in LMI geographies (22.9 percent) is excellent, given that more weight is placed on the performance when compared to aggregate HMDA data.

Second, the bank's geographic distribution of small business loans was reviewed. The following table displays 2017 small business loan activity by geography income level compared to the location of businesses throughout the bank's assessment area and 2017 small business aggregate data.

Distribution of Loans Inside Assessment Area by Geography Income Level January 1, 2017 through December 31, 2017												
	Geography Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Small Business Loans	9	22.0%	9	22.0%	2	4.9%	21	51.2%	0	0.0%	**41**	**100%**
Business Institutions	14.9%		16.9%		16.1%		50.9%		1.2%		**100%**	
2017 Small Business Aggregate	11.7%		17.5%		14.3%		54.1%		2.4%		**100%**	

The bank's level of lending in low-income census tracts (22.0 percent) is above both the estimated percentage of businesses operating inside these census tracts (14.9 percent) and 2017 aggregate lending levels in low-income census tracts (11.7 percent), reflecting excellent performance. Similarly, the bank's percentage of loans in moderate-income census tracts (22.0 percent) is above both the estimated percentage of small businesses in moderate-income census tracts (16.9 percent) and 2017 aggregate lending percentage in moderate-income census tracts (17.5 percent), representing excellent performance. Therefore, the bank's overall geographic distribution of small business loans is excellent.

Lastly, based on reviews from both loan categories, Financial Federal Bank had loan activity in 60.6 percent of all assessment area census tracts and 48.7 percent of LMI census tracts. The bank's one office is located a substantial distance from most LMI tracts in the assessment area; nevertheless, preliminary dispersion analysis revealed a small grouping of LMI geographies south of the bank's office without lending activity. However, additional investigation revealed barriers to lending in this area, including very low levels of owner-occupied housing, which limits home mortgage lending opportunities. Consequently, this analysis did not evidence conspicuous lending gaps within the bank's assessment area, and these findings support the conclusion that the bank's overall geographic distribution of loans is excellent.

Loan Distribution by Borrower's Profile

Overall, the bank's loan distribution by borrower's profile is poor. The bank's HMDA loan distribution by borrower's profile and performance under the small business category are both poor when compared to demographic and aggregate data.

Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the applicable median family income figure as estimated by the FFIEC ($59,100 for the Memphis MSA as of 2017). The following table shows the distribution of HMDA loans by borrower income level compared to family population income characteristics for the assessment area. Additionally, 2017 aggregate data for the assessment area is displayed.

Distribution of Loans Inside Assessment Area by Borrower Income

January 1, 2017 through December 31, 2017

	Borrower Income Level										**TOTAL**	
	Low-		**Moderate-**		**Middle-**		**Upper-**		**Unknown**			
Home Purchase	5	2.1%	12	4.9%	32	13.2%	192	79.0%	2	0.8%	**243**	**100%**
Refinance	1	0.6%	1	0.6%	4	2.5%	69	42.9%	86	53.4%	**161**	**100%**
Home Improvement	6	42.9%	6	42.9%	2	14.3%	0	0.0%	0	0.0%	**14**	**100%**
Multifamily	0	0.0%	0	0.0%	0	0.0%	0	0.0%	6	100.0%	**6**	**100%**
TOTAL HMDA	**12**	**2.8%**	**19**	**4.5%**	**38**	**9.0%**	**261**	**61.6%**	**94**	**22.2%**	**424**	**100%**
Family Population	26.3%		15.3%		16.2%		42.2%		0.0%		**100%**	
2017 HMDA Aggregate	3.4%		10.6%		16.3%		45.4%		24.3%		**100%**	

As displayed in the preceding table, the bank's percentage of lending to low-income borrowers (2.8 percent) is below the low-income family population figure (26.3 percent) but similar to the 2017 aggregate lending level to low-income borrowers (3.4 percent), reflecting reasonable performance. The bank's level of lending to moderate-income borrowers (4.5 percent) is below the moderate-income family population figure (15.3 percent), as well as the 2017 aggregate lending level to moderate-income borrowers (10.6 percent), reflecting poor performance. When combining the bank's performance to LMI borrowers (7.3 percent), the bank is substantially below the combined family population figure (41.6 percent) and below the performance of peers (14.0 percent) to LMI borrowers. Therefore, considering performance to both income categories, the bank's overall distribution of HMDA loans by borrower's profile is poor.

Next, small business loans were reviewed to determine the bank's lending levels to businesses of different sizes. The following table shows the distribution of 2017 small business loans by loan amount and business revenue size compared to Dun & Bradstreet and aggregate data.

Distribution of Loans Inside Assessment Area by Business Revenue January 1, 2017 through December 31, 2017								
Gross Revenue	**Loan Amounts in $000s**						**TOTAL**	
	≤$100		**>$100 and ≤$250**		**>$250 and ≤$1,000**			
$1 Million or Less	4	9.8%	3	7.3%	9	22.0%	**16**	**39.0%**
Greater than $1 Million/Unknown	10	24.4%	7	17.1%	8	19.5%	**25**	**61.0%**
TOTAL	**14**	**34.1%**	**10**	**24.4%**	**17**	**41.5%**	**41**	**100%**
Dun & Bradstreet Businesses ≤ $1MM							**86.2%**	
2017 CRA Aggregate Data							**46.9%**	

The bank's level of lending to small businesses is poor. The bank originated 39.0 percent of its small business loans to businesses with revenues of $1 million or less. In comparison, assessment area demographics estimate that 86.2 percent of businesses in the assessment area had annual revenues of $1 million or less, and the 2017 aggregate lending level to small businesses is 46.9 percent.

Responses to Complaints

No CRA-related complaints were filed against the bank during this review period (April 15, 2013 through June 17, 2018).

COMMUNITY DEVELOPMENT TEST

The bank's overall community development performance demonstrates adequate responsiveness to the community development needs of the assessment area, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area. The bank has addressed the community development needs of the assessment area through community development loans, qualified investments, and community development services. Furthermore, the bank has qualified community development activities with organizations that were specifically noted by community contacts as important community development initiatives.

During the review period, the bank made 24 qualifying loans totaling approximately $31.2 million. Of those loans, eight created affordable housing for LMI people. Additionally, 15 loans revitalized and stabilized LMI geographies in a variety of ways, including job creation and retaining businesses in LMI geographies. Furthermore, four of these loans revitalized and stabilized LMI geographies through the financing of convenience/grocery stores, which community contacts noted as a need in LMI neighborhoods due to food deserts. Additionally, one loan qualified as a community service, providing affordable transportation to LMI people, while also revitalizing and stabilizing an LMI geography.

The bank did not have any qualified community development investments during the review period but did make 23 donations totaling $19,646 to 11 separate organizations having a community development purpose. Examples of organizations benefitting from these donations include the Boys and Girls Club serving primarily LMI children, and organizations providing education and healthcare to primarily LMI people.

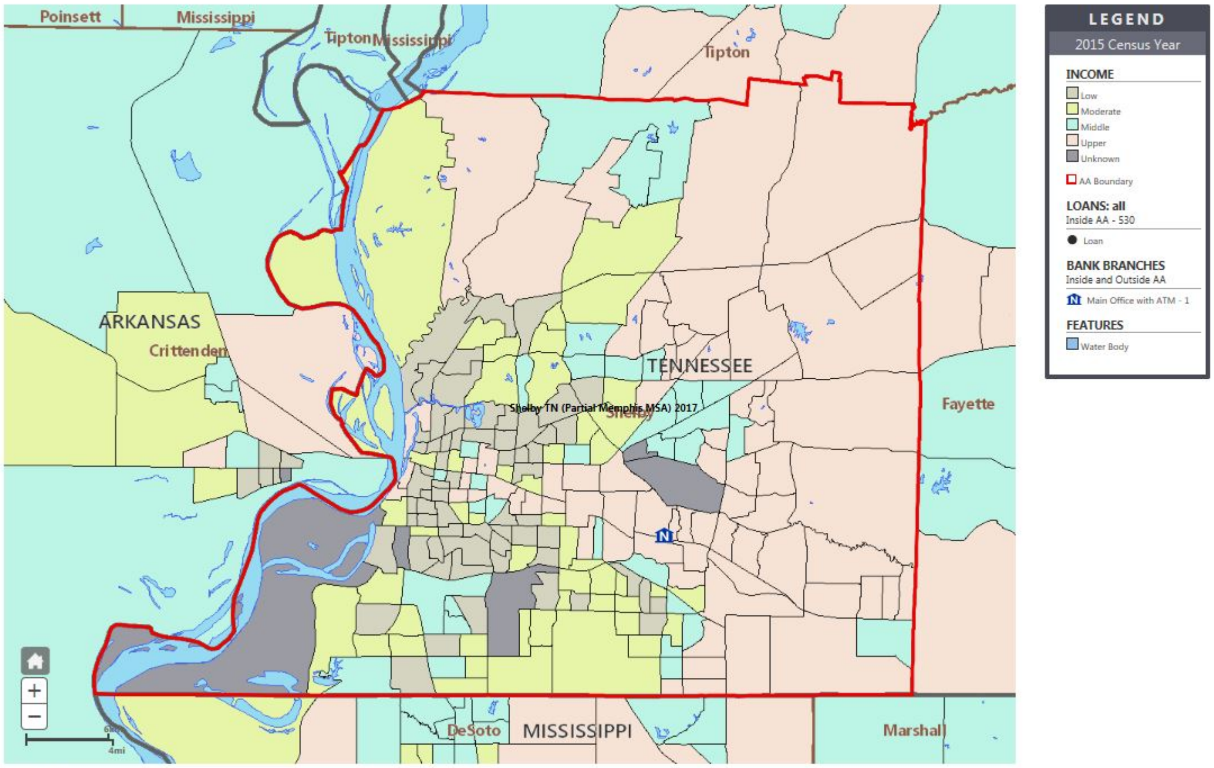
Additionally, 13 bank employees provided approximately 370 service hours, benefiting 22 organizations with a community development purpose. Examples of organizations benefitting from the employees financial expertise include registered community development organizations, community development financial institutions, and affordable housing coalitions. Additionally, several hours were dedicated to the Boys and Girls Club.

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Based on findings from the Consumer Affairs examination, including a fair lending analysis performed under Regulation B – Equal Credit Opportunity and the Fair Housing Act requirements, conducted concurrently with this CRA evaluation, no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

ASSESSMENT AREA DETAIL

Financial Federal Bank - Memhis, TN
Partial Memphis TN MSA AA



2017 PE Map

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.

Assessment area: One or more of the geographic areas delineated by the bank and used by the regulatory agency to assess an institution's record of CRA performance.

Census tract: A small subdivision of metropolitan and nonmetropolitan 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 on 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 contact: Interviews conducted as part of the CRA examination to gather information that might assist examiners in understanding the bank's community, available opportunities for helping to meet local credit and community development needs, and perceptions on the performance of financial institutions in helping meet local credit needs. Communications and information gathered can help to provide a context to assist in the evaluation of an institution's CRA performance.

Community development: An activity associated with one of the following five descriptions: (1) <u>affordable housing</u> (including multifamily rental housing) for low- and moderate-income (LMI) individuals; (2) <u>community services</u> targeted to LMI individuals; (3) activities that promote <u>economic development</u> 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; (4) activities that <u>revitalize or stabilize</u> LMI geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies; or (5) Neighborhood Stabilization Program (NSP) eligible activities in areas with HUD-approved NSP plans, which are conducted within two years after the date when NSP program funds are required to be spent and benefit low-, moderate-, and middle-income individuals and geographies.

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.

Demographics: The statistical characteristics of human populations (such as age, race, sex, income, etc.) used especially to identify markets.

Distressed nonmetropolitan middle-income geography: A middle-income, nonmetropolitan geography will be designated as distressed if it is in a county that meets one or more of the following triggers: (1) an unemployment rate of at least 1.5 times the national average, (2) a poverty rate of 20 percent or more, or (3) a population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 who 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 (e.g., approved, denied, and withdrawn).

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

Household: One or more persons who occupy a housing unit. The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Housing affordability ratio: Is calculated by dividing the median household income by the median housing value. It represents the amount of single family, owner-occupied housing that a dollar of income can purchase for the median household in the census tract. Values closer to 100 percent indicate greater affordability.

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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.

Median family income: The dollar amount that divides the family income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The median family income is based on all families within the area being analyzed.

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.

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.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan statistical area (nonMSA): Not part of a metropolitan area. (See metropolitan area.)

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.

Performance context: The performance context is a broad range of economic, demographic, and institution- and community-specific information that an examiner reviews to understand the context in which an institution's record of performance should be evaluated. The performance context is not a formal or written assessment of community credit needs.

Performance criteria: These are the different criteria against which a bank's performance in helping to meet the credit needs of its assessment area(s) is measured. The criteria relate to lending, investment, retail service, and community development activities performed by a bank. The performance criteria have both quantitative and qualitative aspects. There are different sets of criteria for large banks, intermediate small banks, small banks, wholesale/limited purpose banks, and strategic plan banks.

Performance evaluation (PE): A written evaluation of a financial institution's record of meeting the credit needs of its community, as prepared by the federal financial supervision agency responsible for supervising the institution.

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 businesses/small farms: A small business/farm is considered to be one in which gross annual revenues for the preceding calendar year were $1 million or less.

Small loan(s) to business(es): That is, "small business loans" are included in 'loans to small businesses' as defined in the Consolidated Reports 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 secured by either 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): That is, "small farm loans" are included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Reports 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.

Underserved middle-income geography: A middle-income, nonmetropolitan geography will be designated as underserved if it meets criteria for population size, density, and dispersion that indicate the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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