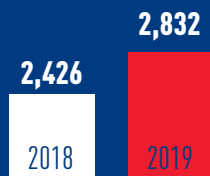


# YEAR-TO-DATE HIGHLIGHTS

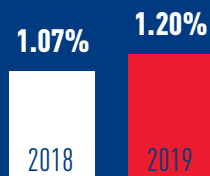
## NET INCOME

17% Increase Year Over Year



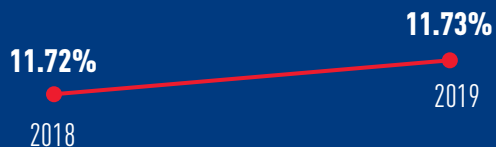
## RETURN ON ASSETS

0.13% Increase Year Over Year



## RETURN ON EQUITY

0.01% Increase Year Over Year



## EARNINGS PER SHARE

13% Increase Year Over Year



## 2019 BOARD OF DIRECTORS

### JOHN LANCASTER

Chairman & CEO  
First Freedom Bank

### JOHN BRADSHAW

President & COO  
First Freedom Bank

### KEN HOWELL

Chairman Emeritus, Retired  
First Freedom Bank

### JACKIE GAITHER

Realtor, Owner  
Cumberland Real Estate

### RICKY HASKINS

Co-Owner  
Lebanon Chemical Co.

### VERONICA BENDER

Principal  
Friendship Christian School

### RANDY LAINE

Engineer  
TTL, Inc.

### JUDD SELLARS

Owner  
Sellars Funeral Homes

### ROBERT C. WOODS, MD

Physician  
St Thomas Heart-Lebanon

### HARDIE V SORRELS, III, MD

Physician  
Hardie V Sorrels, MD PC

### DON TURNER

Retired Executive  
Cracker Barrel Old Country Stores

[FIRSTFREEDOMBANK.COM](http://FIRSTFREEDOMBANK.COM)



# SHAREHOLDER REPORT

## SUMMER 2019



## DEAR SHAREHOLDERS,

We are pleased to report that **First Freedom Bank** is off to a great start in FY 2019. At the mid-point of the year, bank **net income** is running **17% ahead** of last year's record pace.

Net **loans** have **increased \$20 million** (5.27%) from the same time last year, despite higher-than-normal loan payoffs. Our **Core Deposits increased \$20 million** (5.73%) during the last twelve months. Checking accounts represented 64% of our new core accounts, with 39% being non-interest bearing.

Although we had projected reduced **net interest margins** this year, we have been able to maintain the same **strong margin of 3.96%** in spite of increases in our cost of funds.

**Asset quality remains outstanding** with non-performing assets at only  $\frac{3}{4}$  of 1% of total assets. Our customers continue to embrace new technologies as we have seen substantial increases in the use of Internet and smart phone applications.

This strong financial performance has **increased our tangible book value** per share from \$13.56 to \$15.56 (14.75%).

You are likely hearing the media discuss the probability of interest rate changes during the next several months. Please know that **First Freedom Bank** continually monitors and adjusts its mix of earning assets and funding liabilities to mitigate the potential loss of earnings from unexpected changes in market interest rates. Our **conservative approach** to interest rate risk management **protects our net interest income** from material losses. We are **well positioned** to defend against these uncertainties.

It is your patronage and advocacy of **First Freedom Bank** that allows us to deliver critical financial services to our community while providing strong returns on your investment. We appreciate and value your continued support.

  
John R. Lancaster  
Chairman & CEO

  
John H. Bradshaw  
President & COO

## RESULTS OF OPERATIONS

Six Months Ended June 30

	2019	2018
(dollars in thousands, except per share data)	(unaudited)	(unaudited)
Interest Income	\$11,263	\$ 10,016
Interest Expense	2,909	1,939
Net Interest Income	8,354	8,077
Non-interest Income	1,092	1,088
Non-interest Expense	5,635	5,589
Net Income	2,832	2,426

## PER SHARE DATA

Basic Earnings per Average Share Outstanding	\$ 0.93	\$ 0.82
--	---------	---------

## FINANCIAL CONDITION DATA

Loans, Net of Deferred Fees	\$403,435	\$ 383,204
Tangible Book Value per Share	15.56	13.56
Total Assets	467,836	465,741
Bank Capital	49,767	45,732

THE MOST RECENT TRADE OF FIRST FREEDOM STOCK WAS \$19.75 PER SHARE.