

**FIRST FREEDOM BANCSHARES, INC.**

**Dividend Reinvestment Plan**

March 18, 2014

**TABLE OF CONTENTS**

Page Number

PURPOSE.....1

SHARES SUBJECT TO THE PLAN .....1

ADMINISTRATION.....1

PARTICIPATION .....1

PRICE OF NEWLY-ISSUED SHARES ISSUED UNDER THE PLAN.....2

REPORTS TO PARTICIPANTS .....2

SHARE OWNERSHIP AND STOCK CERTIFICATES .....2

WITHDRAWAL FROM THE PLAN.....3

WITHDRAWAL OF SHARES.....3

GENERAL ADMINISTRATION.....4

RESPONSIBILITY OF THE COMPANY AND AGENT UNDER THE PLAN .....4

NOTICES .....4

INTERPRETATION OF THE PLAN.....5

MODIFICATION OR TERMINATION OF THE PLAN .....5

EXHIBIT A FORM OF AUTHORIZATION FORM.....7

## PURPOSE

The purpose of this Dividend Reinvestment Plan (the "Plan") of First Freedom Bancshares, Inc. (the "Company") is to provide eligible holders of record of the Company's Common Stock, \$1.00 par value per share ("Common Stock"), Class A Common Stock, \$1.00 par value per share ("Class A Stock"), Class B Common Stock, \$1.00 par value per share ("Class B Stock"), and Preferred Stock, no par value per share ("Preferred Stock" and, together with Common Stock, Class A Stock and Class B Stock, "Company Stock"), with a simple and convenient method of investing cash dividends in additional shares of Company Stock ("Additional Shares") as dividends are declared and paid. The Company adopted the Plan effective as of March 18, 2014.

## SHARES SUBJECT TO THE PLAN

The Additional Shares purchased under the Plan will be from newly issued shares of Company Stock.

## ADMINISTRATION

The Plan will be administered by First Freedom Bank (the "Agent"), as agent for the eligible holders of record of Company Stock that elect to participate in the Plan ("Participants"). The Company will keep all administrative records and accounts reflecting Participant holdings, send account statements to Participants and perform other administrative duties with respect to the Plan.

## PARTICIPATION

Each holder of record of Company Stock that represents in writing to the Agent that it is a resident of or domiciled in the State of Tennessee is eligible to participate in the Plan; provided, however, that the Company reserves the right to terminate or prohibit the participation of any such holder that is not a U.S. Person, as defined in the Internal Revenue Code of 1986, as amended, to the extent that such participation would affect the terms of the Plan; provided further, however, that if at any time a Participant is not a resident of or domiciled in the State of Tennessee, the Company reserves the right to terminate the participation of such Participant.

All cash dividends that are paid on shares of Company Stock that are held by a Participant will be automatically reinvested in Additional Shares of the applicable class(es) of Company Stock upon which dividends are paid to such Participant. Full reinvestment of dividends will continue until a Participant elects to discontinue participation or the Company terminates the Plan. Dividends on shares of Company Stock that are credited to a Participant's account through the Plan will be reinvested in Additional Shares of the applicable class(es) of Company Stock upon which dividends are paid to such Participant.

An eligible holder of record of Company Stock may become a Participant in the Plan by completing the authorization form attached hereto as Exhibit A (the "Authorization Form"). Authorization Forms may be provided from time to time to all eligible holders of record of

Company Stock and will also be available at any time upon request from the Agent or the Company.

An eligible holder of record of Company Stock may enroll in the Plan at any time. If the Authorization Form is received timely by the Agent prior to the date for determining shareholders of record entitled to payment of a dividend (the "Record Date"), the dividends payable as of such Record Date will be reinvested in Additional Shares as provided herein. If the Authorization Form is not received timely, the reinvestment election will be deemed applicable with respect to dividends payable as of the next following Record Date. The reinvestment election indicated on the Authorization Form will continue to apply to all future dividends payable until the Participant elects to discontinue participation in the Plan or, if sooner, the Plan is terminated.

### **PRICE OF NEWLY-ISSUED SHARES ISSUED UNDER THE PLAN**

In connection with any cash dividend, newly issued shares of Company Stock will be credited to each Participant's account with respect to all of the shares of Company Stock registered in each Participant's name. The per share price of the Additional Shares applied to compute the number of Additional Shares credited to the account of each Participant will be determined pursuant to an annual valuation (the "Valuation") conducted by an independent third party appraiser selected by the Company, at the Company's expense. The Valuation will typically be conducted during the first quarter of each fiscal year and prior to the Record Date.

Each Participant's account will be credited with the number of Additional Shares, including fractional shares (computed to two decimal places, or as otherwise available under the Agent's record keeping system), that is calculated in accordance with the applicable purchase price per share and the amount of dividends that are applied for reinvestment with respect to such Participant. No interest will be paid on dividends that are held for reinvestment by the Company or the Agent. The number of Additional Shares that are credited to a Participant's account may be reduced for any required or authorized tax withholdings.

### **REPORTS TO PARTICIPANTS**

At least annually, following the date any dividend is paid (the "Dividend Payment Date"), the Agent will deliver to each Participant a statement of his or her account. The statement will show the total number of whole and fractional shares of each class of Company Stock in the Participant's account and any other material information that the Agent deems reasonable or appropriate to provide.

### **SHARE OWNERSHIP AND STOCK CERTIFICATES**

The Agent will maintain records of share ownership with respect to all Additional Shares acquired under the Plan on behalf of each Participant. Such accounts will reflect fractional shares calculated to two decimal places, or as otherwise available under the Agent's record keeping system. The Additional Shares acquired under the Plan will be uncertificated unless and until the Participant elects to withdraw some or all of such Participant's Additional Shares from the Plan, subject to the withdrawal restrictions described under "Withdrawal of Shares," or the Plan is

terminated. Certificates for fractional shares of Company Stock will not be issued under any circumstances, but cash payments may be made as described under "Withdrawal from the Plan."

Neither shares of Company Stock credited to the account of a Participant nor a Participant's rights under the Plan may be pledged.

### **WITHDRAWAL FROM THE PLAN**

A Participant may at any time discontinue participation in the Plan as hereinafter provided by giving written notice to the Agent (in accordance with any procedures established by the Agent). Upon a Participant's election to discontinue participation in the Plan, dividends that would otherwise be reinvested under the Plan will be paid in cash to the Participant beginning with the first Dividend Payment Date after such notice is received timely. Upon termination of the Plan by the Company, which may be through action of its Board of Directors or by an authorized officer of the Company, all Participant elections shall be discontinued with respect to the Dividend Payment Date designated by the Company.

Upon discontinuance of participation, the Agent shall deliver to the discontinuing Participant a stock certificate representing the number of whole shares credited to such Participant's account as of the date of discontinuance. A cash payment will be made to the discontinuing Participant for fractional shares based on the per share price as determined pursuant to the most recent Valuation.

### **WITHDRAWAL OF SHARES**

A Participant may elect at any time, either before or upon discontinuance of participation in the Plan, to withdraw some or all of the whole shares of Company Stock credited to the Participant's account; provided that, if a Participant elects to withdraw some but not all of the whole shares in such Participant's account, such Participant must withdraw a minimum of 100 shares of Company Stock unless the Participant is selling or transferring all of his or her shares of Company Stock in the Plan to a third party, in which case the Participant will give written notice of such sale or transfer to the Agent (in accordance with any procedure established by the Agent). Upon receipt of a written request to withdraw shares from a Participant's account, the Agent shall deliver to the Participant a stock certificate representing the number of whole shares the Participant has elected to withdraw from the Plan.

Notwithstanding anything herein to the contrary, for a period of nine months after any Dividend Payment Date, a Participant may only transfer or sell any Additional Shares received in connection with such Dividend Payment Date to a person that is a resident of or entity that is domiciled in the State of Tennessee.

If a Participant withdraws shares of Company Stock credited to the Participant's account, the Agent will continue to reinvest future dividends that apply to the Participant to acquire Additional Shares until the Participant elects to discontinue participation or the termination of the Plan.

## **GENERAL ADMINISTRATION**

In the event of a rights offering by the Company, rights on shares of Company Stock registered in the name of a Participant as well as on whole and fractional shares of Company Stock credited to the Participant's account under the Plan will be mailed or otherwise delivered directly to the Participant in the same manner as to holders of Company Stock not participating in the Plan.

Any shares of Company Stock representing stock dividends or stock splits distributed by the Company on shares of Company Stock held for the credit of Participants' accounts under the Plan will be added to the Participants' accounts and automatically become subject to the Plan. Shares of Company Stock representing stock dividends or stock splits distributed on shares registered in the name of the Participant will be provided directly to such Participant in the same manner as to shareholders who are not participating in the Plan. Such shares of Company Stock distributed with respect to shares on which dividends are reinvested will also automatically become subject to the Plan.

If a Participant acquires additional shares of Company Stock which become registered in that Participant's name, the Agent shall automatically reinvest dividends paid on those additional shares acquired.

Participants are responsible for all taxes due on dividends reinvested under the Plan. The Company or the Agent shall report and withhold any amounts that are required or elected with respect thereto.

## **RESPONSIBILITY OF THE COMPANY AND AGENT UNDER THE PLAN**

Neither the Company nor the Agent in administering the Plan will be liable for any act done in good faith, or for the good-faith omission to act, including, without limitation, any claim of liability arising out of failure to terminate a Participant's account upon such Participant's death, prior to receipt of notice in writing of such death.

A Participant's investment in shares of Company Stock acquired under the Plan shall be no different from investment in shares directly held by such Participant. Each Participant bears the risk of loss and realizes the benefits of any gain and Valuation changes with respect to all shares of Company Stock held by the Participant in the Plan or otherwise.

The Company will pay all costs of administration of the Plan. The Agent may require some cash from the Company from time to time to pay to withdrawing Participants the value of fractional shares, if any. Participants will incur no brokerage commissions, processing or service fees for reinvestments made under the Plan.

## **NOTICES**

All Authorization Forms, notices of withdrawal and other communications with the Agent should be sent to: First Freedom Bank, 1620 West Main Street, Lebanon, Tennessee

John Bradshaw

37097, Attn: \_\_\_\_\_, or to such other address as the Company may advise all Participants in writing.

#### INTERPRETATION OF THE PLAN

The Company reserves the right to interpret and regulate the Plan as it deems necessary or desirable in connection with its operations, subject to applicable laws and regulations, and any interpretation by the Company shall be final.

#### MODIFICATION OR TERMINATION OF THE PLAN

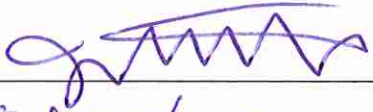
The Company reserves the right to suspend, modify or terminate the Plan at any time. Notice of any such suspension, modification or termination will be mailed to all Participants.

*[Remainder of Page Intentionally Left Blank]*

**EXECUTION PAGE**

**IN WITNESS WHEREOF**, the undersigned officer of the Company has executed this Dividend Reinvestment Plan of First Freedom Bancshares, Inc. on this 18<sup>th</sup> day of March, 2014, to be effective as of March 18, 2014.

**FIRST FREEDOM BANCSHARES, INC.**

By:   
Its: EVP COO/CEO



**OFFERED TO TENNESSEE RESIDENTS ONLY**

**AUTHORIZATION FORM**

**AUTHORIZATION FOR AUTOMATIC DIVIDEND REINVESTMENT SERVICE**

Please enroll the undersigned in the First Freedom Bancshares, Inc. Dividend Reinvestment Plan, dated as of March 18, 2014 (the "Plan"). By the signature(s) below, the undersigned authorize(s) First Freedom Bancshares, Inc. (the "Company") to reinvest all cash dividends payable to the undersigned on all shares of Company Stock registered in the undersigned's name in whole and fractional shares of the applicable class(es) of Company Stock, subject to the terms and conditions of the Plan. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Plan.

The undersigned hereby represents, warrants, certifies and covenants to the Company that:

(1) The undersigned is the record holder of shares of Company Stock and has read and understood the Plan and the prospectus related to the Plan, both of which are available at our website, [www.firstfreedombank.com](http://www.firstfreedombank.com) and agrees with the terms of the Plan;

(2) If the undersigned is a natural person, the undersigned has his or her personal residence in the State of Tennessee and will promptly notify the Company if the undersigned moves his or her personal residence outside the State of Tennessee, and the undersigned acknowledges that he or she will not be eligible to participate in the Plan if not a resident of the State of Tennessee;

(3) If the undersigned is an entity, the undersigned has its principal office within the State of Tennessee and will promptly notify the Company if the undersigned moves its principal office outside the State of Tennessee, and the undersigned acknowledges through its authorized representative that it will not be eligible to participate in the Plan if its principal office is not in the State of Tennessee; and

(4) If the undersigned is an individual retirement account ("IRA"), the grantor and beneficial owner of such IRA is a resident of the State of Tennessee and is the person responsible for directing this investment by the IRA.

Date: \_\_\_\_\_, 20\_\_

\_\_\_\_\_  
(Signature of Share Holder) (Print Name of Share Holder)

\_\_\_\_\_  
(Additional Signature if required)

(In signing as attorney, executor, administrator, trustee or guardian, please give full title as such, and, if signing for a corporation or other entity, please give your title. When shares are held in the names of more than one person, each should sign above.)

Address of Personal Residence or Principal Office:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS IS NOT A PROXY**

**This authorization form will be used for all stock, regardless of class, that you own or control.**