



PUBLIC DISCLOSURE

August 04, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The First, A National Banking Association
Charter Number 22949

6480 U.S. Highway 98 West Hattiesburg, MS 39404

Office of the Comptroller of the Currency

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

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

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating are as follows: The First's average loan-to-deposit ratio is reasonable relative to the institution's size, competition, and financial condition.

- A substantial majority of loans originated by the institution was within its assessment areas (AAs).
- Borrower distributions are reasonable for residential real estate, consumer, and small business loans.
- The bank's geographic distribution of residential loans, consumer loans, and small business loans reflects a reasonable dispersion.
- The institution's community development performance is Outstanding, and demonstrates excellent responsiveness to the community development needs of its combined AAs through community development loans, investments, and services.

Scope of Examination

The assessment of The First, A National Banking Association's (The First, institution or bank) CRA performance was evaluated utilizing the Interagency Intermediate Small Bank (ISB) CRA examination procedures. These procedures require the analysis of the institution's primary lending products, as well as that of community development lending, investments, and services. The lending test evaluates The First's record of helping meet the credit needs of its AAs through lending activities. The community development test evaluates the institution's responsiveness to the identified needs of its AAs through lending, qualified investments, and services.

The current CRA Evaluation included full scope reviews of six of the institution's AAs. These included the Hattiesburg MSA, the Gulfport-Biloxi MSA, the Pascagoula MSA, and the Non-MSAs of Pearl River County and Jones County (combined). All five of the aforementioned AAs are in the state of Mississippi. The other two AAs included the Non-MSAs of Washington Parish, and Baldwin County, located in the states of Louisiana and Alabama, respectively. A full-scope review was conducted in the Washington Parish, Louisiana; however, a limited scope review was conducted in the Baldwin County, Alabama Non-MSA because this acquisition did not take place until April of 2013.

Since the previous examination, in September of 2011, The First acquired Whitney National Bank of Mississippi, with one office in Louisiana. In December of 2011, The First closed its Bay St. Louis, Mississippi branch, due to its close proximity (within one

mile) of an acquired branch. In February of 2013, The First opened a branch in Ocean Springs, Mississippi. In April of 2013, The First acquired First National Bank of Baldwin County, Alabama.

The performance of the Home Mortgage Disclosure Act (HMDA) reportable loans, consumer loans, and small business loans was assessed for the time period of January 1, 2012 until December 31, 2013. Due to its presence (acquired in April of 2013), a limited scope review of the Baldwin County AA was conducted.

The First's total assets do not meet or exceed the asset size threshold for CRA data reporting requirements, the institution voluntarily submitted loan data. We compared The First's performance of loan originations to AA demographics utilizing the 2010 census data. For our analysis of the institution's small business loan originations, we compared The First's performance to the 2012 Dunn and Bradstreet business demographic data.

Prior to conducting the CRA Performance Evaluation, in April of 2014, we validated the integrity of the HMDA, consumer, and small business loans originated during the years of 2012 and 2013. We concluded the data was reliable. We also reviewed The First's community development loans and investments during the HMDA integrity review; however, we did not determine until this evaluation, if the loans, investments, and services actually met the regulatory definitions of Community Development.

Community Development entities were contacted to obtain feedback on the area's demographics, and perceived credit needs.

Description of Institution

The First is an interstate bank, with approximately \$1.1 billion in total assets, as of June 30, 2014 and is headquartered in Hattiesburg, Mississippi. The institution is a wholly-owned subsidiary of First Bancshares, Inc., a one-bank holding company. The First's primary business strategy is to serve market needs by originating residential and commercial real estate loans. Since the previous CRA evaluation, dated October 5, 2010, in which the bank received a "Satisfactory" rating, The First expanded its lending areas by acquiring nine branches of two banks, located in the states of Louisiana and Alabama.

The First has 24 offices, located in the states of Mississippi, Louisiana, and Alabama, including the cities of Hattiesburg, Laurel, Purvis, Picayune, Pascagoula, Bay St. Louis, Wiggins, Biloxi, Long Beach, Diamondhead, Gulfport, and Ocean Springs, Mississippi; Bogalusa Louisiana; Foley, Gulf Shores, Fairhope, Orange Beach and Daphne, Alabama. Two loan production offices are located in Bay Minette, Alabama and Slidell, Louisiana.

The First has seven AAs, (three MSAs and four Non-MSAs): the three MSAs are Hattiesburg excluding Perry County; Gulfport-Biloxi; and Pascagoula, excluding George County in Mississippi. The four Non-MSAs are Jones County and Pearl River County in

Mississippi; Washington Parish in Louisiana, and Baldwin County in Alabama. The AAs consist of complete political subdivisions in the form of six counties and one parish.

The First was certified as a Community Development Financial Institution (CDFI) in September 2010 and was recently recertified as a CDFI within its AA through March 2017. A certified CDFI is a financial institution that targets more than 60% of its banking activities to communities considered “underserved” or distressed, and has a primary mission of promoting community development. The CDFI Fund awarded The First, a Bank Enterprise Award (BEA) totaling \$415,000 in recognition of the bank’s activities and achievements in meeting the community development needs within its AAs and within a larger statewide area.

The bank primarily offers commercial and industrial real estate loans; small business loans and lines of credit (LOC); conventional fixed-rate and adjustable-rate mortgage loans for the purposes of construction, purchase and refinance; home equity loans and LOCs; personal unsecured credit lines; personal loans and automobile loans. As of June 30, 2014, loans totaled \$610 million and represented 60.6% of total assets. Table 1 indicates the dollar amount, percent of loans, and percent of total assets for each category. Securities including mortgage backed securities and cash, represented 27.0% of total assets:

Major Components of Assets, Liabilities and Capital As of June 30, 2014		
Balance Sheet Component	Balance Sheet \$ Amount (000)'s	% of Total Assets
Total Loans	610,032	60.61%
Commercial	286,059	28.42%
1-4 Family Residential	208,843	20.75%
Consumer	14,542	1.44%
Small Business	149,171	14.82%
Total Investments	272,074	27.03%
US Agencies	41,331	4.11%
Mortgage Backed Securities	85,192	8.46%
Cash	11,421	1.14%
Total Assets	1,006,520	100.0%
Liabilities & Capital (LC)		% of Total LC
Deposits & Escrow	877,157	87.15%
Borrowings	14,721	1.46%
Total Liabilities	909,576	90.37%
Retained Earnings	5,576	0.55%
Total Liabilities & Capital	1,006,520	100.0%

Source: June 30, 2014 Call Report

Economic or Legal Constraints

The First has no legal or regulatory impediments identified that would affect its lending activities or impede the bank's ability to meet the credit needs within its AAs.

Selection of Areas for Full-Scope Review

The First has seven AAs, (three MSAs and four non-MSAs), located in three states. We conducted full-scope reviews in six areas. Since the Baldwin County, Alabama Non-MSA AA was acquired in April of 2013, a limited-scope review was performed.

Mississippi

- Hattiesburg MSA
- Gulfport-Biloxi MSA
- Pascagoula MSA
- Pearl River County and Jones County Non-MSAs

Louisiana

- Washington Parish Non-MSA

Alabama

- Baldwin County Non-MSA

Ratings

The bank's overall rating is a blend of the ratings from each state in which The First has operations: Mississippi and Louisiana. The state of Mississippi was weighed more heavily than the state of Louisiana because Mississippi contains the highest level of bank deposits (76.3%). The least amount of weight was given to the Washington Parish, Louisiana Non-MSA area because it represented only 4.1% of total bank deposits. Baldwin County was acquired in April of 2013; hence, its presence was limited and not rated.

Conclusions with Respect to Performance Criteria

The First's performance under the lending test is satisfactory. The bank's loan-to-deposit ratio is satisfactory and the majority of loans made during the review period were made within its AAs. The loan-to-deposit and in/out ratios were computed with bank-wide data. Additional information obtained from the full scope reviews of the bank's lending in its AAs was also used to determine the overall lending test rating.

Loan-to-Deposit Ratio

As of June 30, 2014, the bank’s quarterly average loan-to-deposit (LTD) ratio of approximately 70.0% is reasonable relative to the bank’s size, competition, and financial condition.

During the 15 quarters since the previous CRA Evaluation, the institution’s quarterly, average LTD ratio ranged from a low of 63.0% to a high of 84.0%. The First’s overall average LTD ratio of 70.0% is comparable to similarly situated financial institutions, which had a quarterly average LTD ratio of 76.0% during the same time-period.

The First’s LTD ratio is reasonable when compared to similarly situated banks operating in the AAs, see Table below:

Loan-to-Deposit Ratios of Select Competitors		
Institution	Assets (000s) (as of 06/30/14)	Quarterly, Average LTD Ratio
The First	\$1,006	70.0%
Community Bank, Ellisville, MS	657	83.0%
Community Bank, Coast	645	83.0%
Citizens National Bank of Meridian	1,114	72.0%
Magnolia State Bank	316	81.0%
Citizens Bank of Philadelphia	881	64.0%

Source: FFIEC Uniform Bank Performance Reports

Lending in Assessment Area

A substantial majority (92.0%) of loans originated by The First during the review period were within the institution’s AAs. The Table below denotes the distribution of The First’s major loan products during the evaluation period:

Lending in Combined AAs										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
Home Purchase	481	92.32	40	7.68	521	70,284	83.05	14,348	16.95	84,632
Home Refinance	605	92.09	52	7.91	657	102,772	90.67	10,570	9.33	113,342
Business	828	89.61	96	10.39	924	127,269	85.24	22,033	14.76	149,302
Consumer	2,015	93.16	148	6.84	2,163	47,619	90.56	4,962	9.44	52,581
Totals	3,929	92.12	336	7.88	4,265	347,944	87.02	51,913	12.98	399,857

Source: HMDA Data 2012 and 2013

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 25.28(c), or 12 C.F.R. 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 that would be inconsistent with helping to meet community credit needs.

State Rating

State of Mississippi

CRA Rating for Mississippi: Satisfactory

The Lending test is rated: Satisfactory.

The Community development test is rated: Outstanding.

Major factors that support the assigned rating include the following:

- The bank's dispersion of loans by borrower income level or revenue of businesses is reasonable.
- The geographic distribution of residential, consumer, and small business loans reflects a reasonable dispersion within the AAs.
- The First's community development performance demonstrates excellent responsiveness to the community development needs of its AAs.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN MISSISSIPPI

The state of Mississippi includes the MSAs of Hattiesburg (excluding Perry County); Gulfport-Biloxi; Pascagoula (excluding George County), and the Non-MSAs of Pearl River County and Jones County. Full-scope reviews were conducted in all five AAs.

DESCRIPTION OF HATTIESBURG MSA ASSESSMENT AREA

The bank's AA is defined as the Hattiesburg Metropolitan Statistical Area (MSA) including the counties of Forrest and Lamar. The principal city in this MSA is Hattiesburg. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations and does not arbitrarily exclude low and moderate-income areas.

The First's main office, three branches, and four ATMs are located within the Hattiesburg AA.

The Table below represents demographic data of the Hattiesburg MSA AA:

Demographic Information of Hattiesburg AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	25	12.00%	28.00%	32.00%	28.00%	0.0%
Population by Tract	130,592	10.97%	21.77%	30.76%	36.50%	0.0%
Housing Units	54,296	10.13%	24.16%	31.13%	34.58%	0.0%
Owner-Occupied Housing by Tract	30,633	6.29%	11.76%	37.47%	44.48%	0.0%
Family Distribution by Income Level	30,937	10.58%	16.34%	32.91%	40.17%	0.0%
Median Family Income		\$54,988	Median Housing Value			\$123,361
HUD Adjusted Median Family Income for 2010		\$50,200	Unemployment Rate			4.88%
Households Below Poverty Level		20.96%				

2012 HUD updated MFI
 (*) The NA category consists of Tracts that have not been assigned an income classification.

Source: 2010 U.S. Census data, CRA Wiz reports

The United States Office of Housing and Urban Development’s (HUD) updated 2012 median family income for the AA was \$50,200. Low-income is defined as less than 50% of the median family income. Moderate-income is defined as 50% to less than 80% of the median family income. Middle-income is defined as 80% to less than 119% of the median family income. Upper-income is defined as income of 120% and over the median family income. The following table depicts income classification categories:

Income Categories – Hattiesburg AA			
Low	Moderate	Middle	Upper
<\$25,100	\$25,101 – \$40,159	\$40,160- \$60,239	>\$60,240

Source: US Census data

The city of Hattiesburg has a diverse employment base for a small metropolitan area. Major employers of Hattiesburg include Forrest General Hospital (healthcare), The University of Southern Mississippi (education), Hattiesburg Clinic (healthcare), Camp Shelby (military), and Lamar County School District (education).

There are limited opportunities for residential lending within the low (3) and moderate (7) income census tracts. Of the 11,431 housing units within the ten census tracts, more than 50% of the units include occupied rental units. The University of Southern Mississippi (USM) provides stability and helps to maintain a relatively well-educated workforce. However, a large portion of the housing units in the low and moderate-income census tracts are rental units occupied by the students who attend USM.

There is significant competition from other financial institutions and mortgage loan providers within this AA. According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First’s deposit market share within the AA was 9.08%, ranking the institution 5th out of 15 banks within the AA. The First’s primary competitors are

Bancorp South (10 offices, 25.11% market share); Regions Bank (6 offices, 14.12% market share); and Trustmark (8 offices, 12.29% market share).

The AA's unemployment rate, as of June 30, 2014 was 7.6%, according to the Bureau of Labor Statistics, and compares favorably to the state's average of 8.7%. The unemployment rates indicate that the Hattiesburg MSA, AA has remained strong when compared with the state of Mississippi.

In conjunction with this examination, we conducted an interview with a community leader in the Hattiesburg MSA AA. The type of organization represented was community-based, with a goal of ensuring the adequacy and availability of housing for area residents; including those whose income status is considered as low and moderate. The community leader communicated the need for affordable housing within the AA.

DESCRIPTION OF GULFPORT/BILOXI ASSESSMENT AREA

The Gulfport-Biloxi MSA includes the counties of Hancock, Harrison, and Stone. The MSA is also part of the Gulfport-Biloxi-Pascagoula Combined Statistical Area. The principal cities in this MSA are Gulfport and Biloxi, Mississippi. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

The First has ten full service branches, and nine ATMs, located within the Gulfport-Biloxi AA.

The table below represents demographic data of the Gulfport/Biloxi AA:

Demographic Information of Gulfport/Biloxi AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	55	3.64%	20.00%	56.36%	18.18%	1.82%
Population by Tract	248,820	1.96%	13.86%	63.35%	20.80%	0.03%
Housing Units	106,912	1.89%	14.21%	63.42%	20.48%	0.00%
Owner-Occupied Housing by Tract	61,111	1.27%	11.14%	62.10%	25.49%	0.00%
Family Distribution by Income Level	61,611	1.42%	13.43%	62.89%	22.26%	0.00%
Median Family Income		\$53,620	Median Housing Value			\$144,150
HUD Adjusted Median Family Income for 2010		\$54,800	Unemployment Rate			5.01%
Households Below Poverty Level		14.93%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Gulfport/Biloxi AA			
Low	Moderate	Middle	Upper
<\$27,399	\$27,400 – \$43,839	\$43,840- \$65,759	>\$65,760

Source: US Census data

There is a strong military presence (Keesler Air Force Base), which stabilizes the economy of this MSA. According to the Bureau of Labor Statistics, the unemployment rate as of June 30, 2014 was 7.9% as compared to the state’s average of 8.7%. The percentages indicate that the Gulfport/Biloxi MSA has remained strong when compared with the state of Mississippi. Major employees of this AA include the Harrison County School District (education), Mississippi Power (utilities), Memorial Hospital (healthcare), Beau Rivage Resort and Casino (gaming), and IP Casino Resort Spa (gaming).

A significant number of financial institutions, mortgage banking companies, and credit unions serve this AA. According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First’s deposit market share within the AA was 6.28%, ranking the institution 4th out of 14 banks within the AA. The First’s primary competitors are Hancock Bank (25 offices, 48.29% market share); People’s Bank (15 offices, 12.74% market share); and Bancorp South (9 offices, 10.46% market share).

DESCRIPTION OF PASCAGOULA ASSESSMENT AREA

This area is defined as a portion of the Pascagoula, Mississippi MSA. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

The First has two branches and two ATMs located in the Pascagoula AA.

The table below represents demographic data of the Pascagoula AA:

Demographic Information of Pascagoula AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	28	3.57%	25.00%	53.57%	17.86%	0.00%
Population by Tract	139,668	0.94%	12.95%	61.97%	24.14%	0.0%
Housing Units	57,995	1.18%	15.20%	60.57%	23.05%	0.0%
Owner-Occupied Housing by Tract	35,713	1.06%	11.14%	61.91%	25.89%	0.0%
Family Distribution by Income Level	35,346	1.15%	11.87%	62.26%	24.72%	0.0%
Median Family Income		\$56,243	Median Housing Value			\$128,149
HUD Adjusted Median Family Income for 2010		\$58,400	Unemployment Rate			5.86%
Households Below Poverty Level		13.59%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Pascagoula AA			
Low	Moderate	Middle	Upper
<\$29,199	\$29,200 – \$46,719	\$46,720- \$70,079	>\$70,080

Source: US Census data

This area includes Jackson County of which Pascagoula is the principle city.

Major employers in the Pascagoula AA include Huntington Ingalls (manufacturing), Singing River Hospital (healthcare), Chevron Pascagoula Refinery (manufacturing), and Signal International LLC (manufacturing).

According to Moody’s Analytics (November of 2013), the pace of job growth in Pascagoula has slowed down. The relatively remote location depresses growth. Manufacturing, which used to be the backbone of the area, has steadily declined since 2013. Although the unemployment rate has declined since the previous year, this is mostly a result of a steadily shrinking work force. The labor market weakness has spilled over to housing, as house prices are still struggling and homebuilding has yet to turn around, since Hurricane Katrina in 2005. The AA’s unemployment rate as of June 30, 2014 was 8.9% and slightly higher than the state’s average of 8.7%.

There is significant competition from other financial institutions and mortgage loan providers within this AA. According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First’s deposit market share within the AA was 2.76%, ranking the institution 9th out of 12 institutions within the AA. The First’s primary competitors are Hancock Bank (9 offices, 31.48% market share); Merchant & Marine Bank (10 offices,

28.63% market share); and First Federal Savings and Loan Association (6 offices, 11.45% market share).

DESCRIPTION OF PEARL RIVER COUNTY NON-MSA ASSESSMENT AREA

Pearl River County comprises the Picayune Micropolitan area as well as a part of the New Orleans-Metairie-Hammond, Louisiana-Mississippi Combined Statistical Area. Its county seat is Poplarville, Mississippi. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

The Pearl River County AA is made up of nine census tracts. There are no low or moderate-income census tracts and five of the nine census tracts are distressed.

The First has one branch and one ATM located within the Pearl River County AA.

The table below represents demographic data of the Pearl River County AA:

Demographic Information of Pearl River AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	9	0.00%	0.00%	55.56%	44.44%	0.00%
Population by Tract	55,834	0.00%	0.00%	48.46%	51.54%	0.00%
Housing Units	23,692	0.00%	0.00%	50.44%	49.56%	0.00%
Owner-Occupied Housing by Tract	16,082	0.00%	0.00%	45.67%	54.33%	0.00%
Family Distribution by Income Level	15,133	0.00%	0.00%	49.13%	50.87%	0.00%
Median Family Income		\$48,481	Median Housing Value		\$122,623	
HUD Adjusted Median Family Income for 2010		\$42,200	Unemployment Rate		4.16%	
Households Below Poverty Level		21.30%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Pearl River AA			
Low	Moderate	Middle	Upper
<\$21,099	\$21,100 – \$33,759	\$33,760- \$50,639	>\$50,640

Source: US Census data

Major employers in Pearl River County include Pearl River Community College (education) and Pearl River County School District (education).

There is significant competition from other financial institutions and mortgage loan providers within this AA. According to the June 30, 2013 FDIC Summary of Deposit

Market Share report, The First’s deposit market share within the AA was 4.55%, ranking the institution 5th out of 7 institutions within the AA. The First’s primary competitors are Hancock Bank (3 offices, 41.40% market share); First National Bank of Picayune (5 offices, 27.30% market share); and Bank Plus (3 offices, 14.47% market share).

The AA’s unemployment rate as of June 30, 2014 was 8.5%, which compares favorably to the state’s average of 8.7%.

DESCRIPTION OF JONES COUNTY NON-MSA ASSESSMENT AREA

Jones County is part of the Laurel, Mississippi Micropolitan Statistical Area. Its county seats are Laurel and Ellisville, Mississippi. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

The First has one branch and one ATM located within the Jones County AA. Jones County includes 14 census tracts of which there are no low-income census tracts, and only two moderate-income census tracts. Of the entire 14 census tracts, 7 or 50% are categorized as distressed.

The table below represents demographic data of the Jones County Non MSA AA:

Demographic Information of Jones County AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	14	0.00%	14.29%	50.00%	28.57%	7.14%
Population by Tract	67,761	0.00%	15.95%	58.47%	25.58%	0.01%
Housing Units	28,175	0.00%	15.81%	58.33%	25.86%	0.00%
Owner-Occupied Housing by Tract	18,478	0.00%	10.69%	59.14%	30.17%	0.00%
Family Distribution by Income Level	17,994	0.00%	13.94%	59.30%	26.76%	0.00%
Median Family Income		\$42,109	Median Housing Value			\$82,164
HUD Adjusted Median Family Income for 2010		\$42,200	Unemployment Rate			3.38%
Households Below Poverty Level		20.51%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Jones County AA			
Low	Moderate	Middle	Upper
<\$21,099	\$21,100 – \$33,759	\$33,760- \$50,639	>\$50,640

Source: US Census data

Major employers include Howard Industries (technology), South Central Regional Medical Center (healthcare), Ellisville State School (healthcare); Jones County Schools (education), and Sanderson Farms (poultry processing).

There is significant competition from other financial institutions and mortgage loan providers within this AA. According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First's deposit market share within the AA was 8.51%, ranking the institution 6th out of 9 institutions within the AA. The First's primary competitors are Community Bank (6 offices, 27.22% market share); Bank of Jones County (2 offices, 17.64% market share); and Trustmark (6 offices, 15.33% market share).

The AA's unemployment rate as of June 30, 2014 was 6.4%. This figure compares favorably to a state average of 8.7%.

SCOPE OF EVALUATION IN MISSISSIPPI

Conclusions regarding the bank's lending performance are based on HMDA related, consumer and small business loans originated for a 24-month period, which ended December 31, 2013. The Community Development Test included a review of loans, investments, and services, which met the definition of community development, for the time period of October 6, 2010 to August 4, 2014.

Both the lending test and community development test ratings were analyzed to arrive at the overall state rating. CRA performance was assessed by performing full-scope reviews in all AAs (Hattiesburg, Gulfport-Biloxi, Pascagoula MSAs; Pearl River County and Jones County Non-MSAs) located in Mississippi.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MISSISSIPPI

The First's overall performance in the state of Mississippi is satisfactory.

- The dispersion of loans by borrower income level or revenue is reasonable.
- The bank's geographic distribution of loans is reasonable.
- The bank demonstrated excellent responsiveness to meeting the Community Development needs through loans, investments, and services.

LENDING TEST

The bank's performance under the lending test in the state of Mississippi is rated ("Satisfactory").

The distribution of loans within the state of Mississippi reflects a reasonable penetration among individuals of different income levels and businesses of different sizes, given the bank's product offerings and economic conditions.

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

Hattiesburg MSA

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The First originated 550 home loans in this AA. The level of lending to low-income borrowers is below the demographic comparable. More weight was given to the bank's performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans. Factors affecting the origination of loans to low-income borrowers during the evaluation period includes an

increase in poverty rates from 19% to 21%, and an increase in median housing cost from \$74,000 to \$123,361. One of the credit needs identified for this area was affordable housing.

The following table shows the distribution of home loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of families in each income category:

Home Loans

The borrower distribution of home purchase loans is reasonable. The percent of home purchase loans to low-income borrowers is lower than the percent of low-income families in the AA. For moderate-income borrowers, the percent of loans exceeds the percent of moderate-income families.

The borrower distribution of home refinance loans is reasonable. The percent of home refinance loans to low-income borrowers is lower than the percent of low-income families in the AA. For moderate-income borrowers, the percent of loans is nearer the percent of moderate-income families in the AA.

Borrower Distribution of Residential Real Estate Loans in Hattiesburg AA								
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	24.32	3.25	15.83	17.48	16.87	23.98	42.98	50.81
Home Refinance	24.32	4.61	15.83	7.57	16.87	12.17	42.98	66.78

Source: HMDA Data, 2012 and 2013

Consumer Loans

The distribution of consumer loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is lower than the percent of low-income households in the AA. For moderate-income borrowers, the percent of loans to moderate-income families exceeds the percent of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of AA households in each income category:

Borrower Distribution of Consumer Loans in Hattiesburg AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	27.07	14.69	14.14	18.64	16.04	16.59	42.75	49.92

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The First’s distribution of 2012-2013 loans to Small Businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to small businesses with revenues \$1 million or less. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Hattiesburg AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	73.97	2.92	23.11	100%
% of Bank Loans in AA by #	73.17	26.83	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun and Bradstreet data.

Gulfport-Biloxi MSA

The distribution of home loans to borrowers reflects reasonable penetration among borrowers of different income levels.

The First originated 261 home loans in this AA. The level of lending to low-income borrowers is below the demographic comparable. More weight was given to the bank’s performance related to moderate-income borrowers due to the difficulties many low-income borrowers have in qualifying for mortgage loans. Factors affecting the origination of loans to low-income borrowers during the evaluation period include an increase in poverty rates from 14% to 15%, and an increase in median housing cost from \$83,861 to \$144,000.

Home Loans

The borrower distribution of home purchase loans is reasonable. The percent of home purchase loans to low-income borrowers is lower than the percent of low-income

families in the AA. For moderate-income borrowers, the percent of loans exceeds the percent of moderate-income families.

The borrower distribution of home refinance loans is reasonable. The percent of home refinance loans to low-income borrowers is lower than the percent of low-income families in the AA. For moderate-income borrowers, the percent of loans is near the percent of moderate-income families in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of families in each income category:

Borrower Distribution of Residential Real Estate Loans in Gulfport-Biloxi AA								
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	22.54	7.21	16.81	24.32	19.57	22.52	40.94	41.44
Home Refinance	22.54	7.33	16.81	16.00	19.57	17.33	40.94	46.67

Source: HMDA Data, 2012 and 2013

Consumer Loans

The distribution of consumer loans to borrowers reflects an excellent penetration among borrowers of different income levels.

The percent of consumer loans to low-income and moderate-income borrowers exceeds the percent of low-income and moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of AA households in each income category:

Borrower Distribution of Consumer Loans in Gulfport-Biloxi AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.53	25.21	16.73	21.79	17.91	22.93	41.47	29.77

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The First’s distribution of 2012-2013 loans to Small Businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to small businesses with revenues \$1 million or less. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Gulfport-Biloxi AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.78	2.43	24.79	100%
% of Bank Loans in AA by #	70.56	29.44	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun and Bradstreet data.

Pascagoula MSA

The distribution of home loans to borrowers reflects poor penetration among borrowers of different income levels.

The First originated 82 home loans in this AA. The level of lending to low-income borrowers is below the demographic comparable for home purchase and refinance. The level of lending to moderate-income borrowers exceeds the demographic comparable for home purchase, but the level of lending to moderate-income borrowers is significantly lower for home refinance loans. Factors affecting the origination of loans to low-income borrowers during the evaluation period include an increase in poverty rates from 13% to 14%, and an increase in median housing cost from \$76,609 to \$128,000.

Home Loans

The borrower distribution of home purchase loans is reasonable. The percent of home purchase loans to low-income borrowers is lower than the percent of AA families. The percent of home purchase loans to moderate-income borrowers exceeds the percent of AA families.

The borrower distribution of home refinance loans is poor. The percent of home refinance loans to low-income borrowers and moderate-income borrowers is significantly less than low-income and moderate-income AA families.

The following table shows the distribution of home loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of families in each income category:

Borrower Distribution of Residential Real Estate Loans in Pascagoula AA								
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	20.27	3.57	17.02	32.14	21.66	39.29	41.05	21.43
Home Refinance	20.27	0.00	17.02	3.70	21.66	11.11	41.05	44.44

Source: HMDA Data, 2012 and 2013

Consumer Loans

The distribution of consumer loans to borrowers reflects a reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is near to the percent of low-income households in the AA. The percent of consumer loans to moderate-income borrowers exceeds the percent of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of AA households in each income category:

Borrower Distribution of Consumer Loans in Pascagoula AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.53	20.86	16.18	20.32	18.68	18.18	41.61	40.64

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The First’s distribution of 2012-2013 loans to Small Businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to small businesses with revenues \$1 million or less. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Pascagoula AA				
Business Revenues (or Sales)	\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	74.25	2.22	23.53	100%
% of Bank Loans in AA by #	56.64	43.36	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun and Bradstreet

Pearl River and Jones Counties Non-MSA AAs

The distribution of home loans to borrowers reflects poor penetration among borrowers of different income levels.

The First originated 179 home loans in these combined AAs. The level of lending to low-income borrowers is significantly below the demographic comparable. Factors affecting the origination of loans to low-income borrowers during the evaluation period include moderate increases in poverty rates from (18 to 21 for Pearl River, and 19 to 21 for Jones County) and huge increases in median housing costs from (\$70,504 to \$122,623 for Pearl River and \$54,820 to \$82,164 for Jones County).

Home Loans

The borrower distribution of home purchase loans is poor. The percent of home purchase loans to low-income borrowers is significantly lower than the percent of low-income families in the AA. For moderate-income borrowers, the percent of loans is near to the percent of moderate-income families.

The borrower distribution of home refinance loans is poor. The percent of home refinance loans to low-income borrowers is significantly lower than the percent of low-income families in the AA. For moderate-income borrowers, the percent of loans is near to the percent of moderate-income families in the AA.

The following table shows the distribution of home loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of families in each income category:

Borrower Distribution of Residential Real Estate Loans in Pearl River and Jones Counties AAs								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% 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	20.12	1.15	15.85	12.64	18.21	22.99	45.82	60.92
Home Refinance	20.12	1.09	15.85	9.78	18.21	20.65	45.82	63.04

Source: HMDA Data, 2012 and 2013

Consumer Loans

The distribution of consumer loans to borrowers reflects a reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is near to the percent of low-income households in the AA. The percent of consumer loans to moderate-income borrowers exceeds the percent of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of AA households in each income category:

Borrower Distribution of Consumer Loans in Pearl River and Jones Counties AAs								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	23.32	14.29	12.99	20.41	13.81	26.53	49.89	38.77

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The First’s distribution of 2012-2013 loans to Small Businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is lower than, but near to the level of such businesses operating in the AA based on the 2010 Census information. This represents more than reasonable penetration to small businesses with revenues \$1 million or less. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Pearl River and Jones Counties AAs				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	72.83	1.57	25.60	100%
% of Bank Loans in AA by #	77.78	22.22	0.00	100%
% of Bank Loans in AA by \$	72.54	27.46	0.00	100%

Source: 2012 and 2013 CRA Reportable Loans; Dun & Bradstreet Data.

In conjunction with this examination, we conducted an interview with a community leader in the Jones County Non-MSA AA. The type of organization represented was community-based, with a goal of ensuring the adequacy and availability of housing for area residents; including those whose income status is considered as low and moderate. The community leader communicated the need for affordable housing within the AA.

Geographic Distribution of Loans

The overall geographic distribution of residential loans, consumer loans, and small business loans in all AAs, reflects a reasonable dispersion when compared to AA characteristics.

Hattiesburg MSA AA

The geographic distribution of residential mortgage loans reflects a poor dispersion of borrowers of different geographies, and a reasonable dispersion to consumer and small businesses located in different geographies.

Home Loans

The bank’s geographic distribution of residential loans in low-income census tracts is significantly below the AA census characteristics; however, the distribution of loans in moderate-income census tracts is near to the AA census characteristics.

Geographic Distribution of Residential Real Estate Loans in Hattiesburg AA								
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	% of Number of Loans
Home Purchase	6.29	2.03	11.76	7.32	37.47	20.73	44.48	69.92
Home Refinance	6.29	0.99	11.76	11.18	37.47	22.04	44.48	65.79

Source: HMDA Data, 2012 and 2013

Consumer Loans

The bank’s geographic distribution of consumer loans in low-income and moderate-income census tracts is near to census characteristics:

Geographic Distribution of Consumer Loans in Hattiesburg AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	9.60	5.06	23.55	11.37	31.10	30.49	35.75	53.08

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The bank’s geographic distribution of consumer loans in low-income and moderate-income census tracts is near to census characteristics:

Geographic Distribution of Loans to Businesses in Hattiesburg AA								
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
Businesses	11.31	4.93	20.84	15.27	31.46	22.17	36.39	48.34

Source: 2012 and 2013 CRA Reportable Loans; Dun & Bradstreet Data

Gulfport-Biloxi MSA

The geographic distribution of residential mortgage loans, consumer loans, and business loans reflects a reasonable dispersion to borrowers of different geographies.

Home Loans

The bank’s geographic distribution of residential loans in low-income and moderate-income census tracts is below the AA census characteristics; however, the distribution of loans in moderate-income census tracts is near to the AA census characteristics.

Geographic Distribution of Residential Real Estate Loans in Gulfport-Biloxi AA								
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	% of Number of Loans
Home Purchase	2.60	0.90	12.17	5.41	58.50	64.86	26.73	28.83
Home Refinance	2.60	2.67	12.17	13.33	58.50	59.33	26.73	24.67

Source: HMDA Data, 2012 and 2013

Consumer Loans

The bank’s geographic distribution of consumer loans in low-income and moderate-income census tracts is near to census characteristics.

Geographic Distribution of Consumer Loans in Gulfport-Biloxi AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.59	0.28	14.17	10.83	62.53	72.08	21.70	16.81

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The bank’s geographic distribution of consumer loans in low-income and moderate-income census tracts is near to census characteristics:

Geographic Distribution of Loans to Businesses in Gulfport-Biloxi AA								
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
Businesses	2.85	1.73	19.98	17.32	56.87	62.77	20.21	18.18

Source: 2012 and 2013 CRA Reportable Loans; Dun & Bradstreet Data

Pascagoula MSA

The geographic distribution of residential mortgage loans reflects a poor dispersion of borrowers of different geographies, and a reasonable dispersion to consumer and small businesses located in different geographies.

Home Loans

The bank’s geographic distribution of residential loans in low-income and moderate-income census tracts for home purchase loans is significantly lower than the AA census characteristics; however, the distribution of loans in moderate-income census tracts is significantly lower for home purchase, but exceeds the ratio for home refinance.

Geographic Distribution of Residential Real Estate Loans in Pascagoula AA								
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	% of Number of Loans
Home Purchase	1.06	0.00	11.14	3.57	61.91	78.57	25.89	17.86
Home Refinance	1.06	0.00	11.14	16.67	61.91	50.00	25.89	33.33

Source: HMDA Data, 2012 and 2013

Consumer Loans

The bank's geographic distribution of consumer loans in low-income census tracts is lower than the census characteristics, but significantly exceeds the census characteristics in moderate-income census tracts.

Geographic Distribution of Consumer Loans in Pascagoula AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	1.17	0.53	14.08	25.67	61.36	50.80	23.39	22.99

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The bank's geographic distribution of business loans in low-income census tracts is lower than the census characteristics, but significantly exceeds the census characteristics in moderate-income census tracts.

Geographic Distribution of Loans to Businesses in Pascagoula AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% 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
Businesses	1.75	1.43	12.83	17.14	58.00	47.14	27.42	34.29

Source: 2012 and 2013 CRA Reportable Loans; Dun & Bradstreet Data

Pearl River and Jones Counties, Mississippi Non- MSA

The geographic distribution of residential mortgage loans, consumer loans and small business loans reflects an excellent, poor, and excellent dispersion, respectively to borrowers of different geographies. There are no low-income census tracts and 50% of middle-income census tracts are distressed.

Home Loans

The bank’s geographic distribution of residential loans in moderate-income census tracts exceeds the AA census characteristics.

Geographic Distribution of Residential Real Estate Loans in Pearl River & Jones Counties AA								
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	% of Number of Loans
Home Purchase	0.00	0.00	5.71	6.90	52.87	41.38	41.41	58.71
Home Refinance	0.00	0.00	5.71	6.52	52.87	51.09	41.41	50.90

Source: 2012 and 2013 HMDA Data

Consumer Loans

The bank’s geographic distribution of consumer loans in moderate-income census tracts is lower than AA census characteristics.

Geographic Distribution of Consumer Loans in Pearl River & Jones Counties AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	16.15	6.22	57.47	57.51	26.38	36.27

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The bank’s geographic distribution of business loans in moderate-income census tracts exceeds the census characteristics.

Geographic Distribution of Loans to Businesses in Pearl River & Jones Counties AA								
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
Businesses	0.00	0.00	21.73	33.33	54.05	40.48	24.22	26.19

Source: 2012 and 2013 CRA Reportable Loans

Responses to Complaints

No CRA related complaints were made against the bank during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank’s performance under the community development test in the state of Mississippi is rated “Outstanding”.

Number and Amount of Community Development Loans

Hattiesburg MSA

The bank originated three community development loans totaling \$2.1 million including the following:

- \$2.0 million loan on 60-unit apartment complex, located in a low and moderate-income census tract primarily serving low and moderate-income families and individuals.
- \$40,700 Letter of Credit (LOC) for start-up, minority owned business that created two fulltime and two part-time jobs.
- \$25,748 LOC that helped to revitalize/stabilize a low and moderate-income community by the opening of a small grocery store.

Number and Amount of Qualified Investments

The First's community development investment performance demonstrates excellent responsiveness to community needs through 70 investments/contributions totaling \$120,475. Examples of investments include the following:

- \$25,000 to support a non-traditional small business lending organization that promotes economic development by providing gap financing to small businesses in Hattiesburg and south Mississippi.
- \$ 5,750 to a nonprofit whose mission is to restore uninsured homes of low and moderate individuals/families in targeted disaster areas of Hattiesburg and south Mississippi.
- \$37,250 to a nonprofit housing organization that provides and supports various affordable housing and community service programs for low and moderate-income families and individuals in the Pine Belt community of Hattiesburg.
- \$3,500 to a nonprofit providing affordable housing for low and moderate-income families in the Hattiesburg area.

Extent to Which Bank Provides Community Development Services

The First demonstrated excellent responsiveness to community development service needs in the Hattiesburg AA. Bank officers and other employees serve as volunteers and provide financial expertise to non-profit organizations that provide needed services to low and moderate-income individuals and families and geographies. Bank officers are also involved with helping these organizations obtain needed funding for various projects by serving as sponsors to enable access to various Federal Home Loan Bank

(FHLB) grant programs. The following are examples of community development services provided by The First:

- Providing technical assistance and consulting expertise to private, non-profit organization dedicated to improving the quality of life for residents of Greater Hattiesburg through various community and economic development initiatives. The bank's CEO and Director of Community Development serve on the Board and other committees of the organization.
- The bank's Director of Community Development serves on the Advisory Board of a nonprofit whose mission is ending hunger by providing food pantries and soup kitchens with food products to distribute to low and moderate-income families and individuals.
- Bank vice president serves on the advisory board of a nonprofit dedicated to building financial literacy and wealth creation among low and moderate-income families and individuals. Several other bank employees serve as volunteers to the organization.
- Bank officer serves on the Board of this non-profit dedicated to job creation, business creation/expansion, and support of non-traditional entrepreneurs seeking financing.
- Bank officer serves on Board of this nonprofit housing development organization dedicated to increasing home-ownership among low and moderate-income families and individuals in the Pine Belt region of Hattiesburg. The organization participates in the city's community block grant funding process. Also, bank employees regularly participate in the organization's financial literacy program that is a requirement for low and moderate-income individuals and families receiving down payment assistance through the city's community development block grant fund program.

Gulfport/Biloxi Assessment Area

The bank's community development performance in the Gulfport/Biloxi AA demonstrates satisfactory responsiveness to the community development needs of this AA through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA(s).

Number and Amount of Community Development Loans

The First has provided a strong level of community development lending in the Gulfport-Biloxi AA. The bank originated ten CD loans totaling approximately \$10.0 million during the evaluation period, a majority of which was for providing affordable housing for low and moderate-income families and individuals. Details of these loans are as follows:

- \$4.4 million construction/permanent loan on 118-unit affordable housing complex for low and moderate-income senior citizens.
- \$1.5 million loan to pay off outstanding bond and construct a worship facility in moderate-income census tract. The church's programs primarily serve low and moderate-income individuals and families.
- \$1.5 million loan to purchase a 100-unit affordable rental complex in middle-income tract. The project primarily houses and serves low and moderate-income families and individuals and accepts Section 8 vouchers.
- \$570,000 loan to cover budget shortfall in a school district that primarily serves low and moderate-income youth.
- \$250,000 loan to purchase and build out professional office space in moderate-income census tract for lease to start-up small businesses and nonprofit organizations that serve low and moderate-income individuals.
- \$191,834 loan to nonprofit organization providing water to underserved rural community; the organization's office is located in middle-income census tract but serves predominantly low and moderate-income individuals and families.
- \$423,000 loan for development of 90 single-family residential subdivision lots set aside of sale to low and moderate-income buyers. The total subdivision encompassed 248 lots. Bank collaborated with other financial organizations that offered subsidies and soft second mortgages to low and moderate-income borrowers.
- \$76,100 loan for creation of affordable housing for low and moderate-income families.
- \$1.0 million loan to help cover budget deficit in a school district with 66% of students participating in free and reduced lunch program.
- \$100,000 deposit in a Treasury designated CDFI) with the request that the deposit be utilized for community development /affordable housing initiatives in the Gulfport/Biloxi area.

Number and Amount of Community Development Investments

The bank has demonstrated strong responsiveness to community development investment needs in the Gulfport/Biloxi AA. The bank made forty-two investments/contributions totaling \$153,293 from 2011 through 2013. The largest investment was a \$100,000 deposit in a Treasury designated CDFI credit union, with the request that the funds be utilized for community development/affordable housing initiatives in the Gulfport/Biloxi area.

Extent to Which the Bank Provides Community Development Services

The First demonstrated excellent responsiveness to community development service needs in the Gulfport/Biloxi AA. Bank officers and other employees serve as volunteers and offer financial expertise to non-profit organizations that provide needed services to assist low and moderate-income individuals and families and others adversely affected by disasters, assist small businesses with financing alternatives, and provide various services to low and moderate-income individuals and families including: food distribution, shelter for the homeless, affordable housing, financial literacy, and job training.

- Non-profit dedicated to improving the Biloxi Public Schools. 59.36% of the district's students receive free lunch. This program funds teacher grants, which will ultimately serve numerous low/mod income schools. Bank employees provided financial literacy training at schools within the district.
- Several bank employees serve as volunteers for a nonprofit providing food to low and moderate-income individuals and families, thereby promoting the community stabilization.
- Bank employees serve as volunteers for a nonprofit whose mission is to fight hunger, homelessness, addiction, poverty, and abuse. Primary constituents are low and moderate-income families and individuals. Employee efforts helped to stabilize the community.
- Bank employees serve as volunteers for a nonprofit that sponsors a free children's health clinic with dental vision and health screenings for local low and moderate-income children. Bank efforts helped to stabilize the community.
- Bank employees serve as volunteers for a non-profit foundation that supports a small business incubator, job creation, and community development for the residents of Biloxi, Mississippi. Employees provided business and financial consulting services.
- Bank employees serve as volunteers for a nonprofit that provides support through financial assistance and development services, which facilitates the development of communities that provide safe, quality housing for the residents of Mississippi, and creates economic opportunities that will add/retain jobs in the community.
- Bank employee promoted economic development and community stabilization in the area by serving as volunteers for an organization that provides solutions supporting the development potential of fifteen counties of southern Mississippi. The District is a 501c3 that capitalizes on years of experience and excellent partnerships within the counties it serves. The District looks for opportunities to help its customers: governments, entrepreneurs, the elderly, the unemployed, the

underemployed, the disadvantaged, the disabled, and youth by providing information, financial support, planning, and technological capacity.

Pascagoula Assessment Area

The bank's community development performance in the Pascagoula AA reflects satisfactory responsiveness to the community development needs of this AA through community development loans, qualified investments, and community development services, as appropriate considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA(s). This conclusion also factors in the bank-wide community development activities previously discussed.

Number and Amount of Community Development Loans

The First did not originate any community development loans in the Pascagoula AA during the review period.

Number and Amount of Community Development Investments

The First has demonstrated satisfactory responsiveness to community development investment needs in the Pascagoula AA. During the review period, the bank made fourteen investments/contributions totaling nearly \$14,500 to facilitate various community development services and affordable housing for low and moderate-income families and individuals.

- \$7,500 to an organization whose economic development mission is to promote and assist business development in Jackson County.
- \$2,000 to this non-profit providing various services to low and moderate-income families and individuals.

Extent to Which the Bank Provides Community Development Services

The First demonstrated satisfactory responsiveness to community development service needs in the Pascagoula AA. Officers of the bank serve on the Board of Directors of the following organizations that provide various services to low and moderate-income families and individuals.

- Bank employees serve as volunteers for an organization that promotes and supports education, financial literacy/stability, and health of low and moderate-income individuals in Jackson and George Counties.
- Bank employees serve as volunteers for an organization whose mission is community stabilization through programs that fight hunger, homelessness, addiction, poverty, and abuse. Program participants are primarily low and moderate-income individuals and families.

Pearl River County, Mississippi Assessment Area

The bank's community development performance in the Pearl River AA reflects excellent responsiveness to the community development needs of this area through community development loans, qualified investments, and community development services, as appropriate considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA(s). This conclusion also factors in the bank-wide community development activities previously discussed.

Number and Amount of Community Development Loans

The First originated one loan in the Pearl River County AA. Details of this loan are as follows:

- \$1.21 million loan to purchase a commercial property under a Brownfield Agreement that was formally used as an asbestos burial site. The loan helped to stabilize/revitalize the surrounding area and community through the rehabilitation of the property. The City of Picayune occupies the property.

Number and Amount of Community Development Investments

The First made five investments/contributions totaling nearly \$3,300 to facilitate various community development services and affordable housing for low and moderate-income families and individuals.

Extent to Which the Bank Provides Community Development Services

The First has demonstrated satisfactory responsiveness to the community development service needs in the Pearl River County AA. A bank officer serves on the board of a local nonprofit that prepares and distributes one hundred food baskets and non-perishables to local low and moderate-income families.

Jones County, Mississippi Assessment Area

The bank's community development performance in the Jones County, Mississippi AA reflects satisfactory responsiveness to the community development needs of its AA(s) through community development loans, qualified investments, and community development services, as appropriate considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA(s). This conclusion also factors in the regional and statewide community development activities discussed in other sections of this report.

Number and Amount of Community Development Loans

The First did not originate any loans in the Jones County AA during the review period because of limited opportunities; however, the bank did originate a loan, located in Wayne County, which is adjacent to Jones County. In 2013, the bank originated a

\$3.25 million loan to finance a grocery store in a rural, moderate-income census tract. The store primarily serves low and moderate-income families, while creating several new jobs in the Waynesboro, Mississippi community.

Number and Amount of Community Development Investments

The First has demonstrated satisfactory responsiveness to community development investment needs in the Jones County AA. During the review period, the bank made eight investments/contributions totaling \$4,210 to facilitate various community development/stabilization services and economic development initiatives targeted for low and moderate-income families and individuals. Examples include the following:

- \$1,500 to organization promoting economic development initiatives in Laurel and Ellisville, Mississippi and throughout Jones County, Mississippi.
- \$1,260 to organization that promotes community stabilization by providing emergency food, clothing, and medical necessities to low and moderate-income individuals and families in Laurel, Mississippi.

Extent to Which the Bank Provides Community Development Services

The First has demonstrated satisfactory responsiveness to community development service needs in the Jones County Non-MSA AA. Examples of these services include partnerships with the following organizations:

- Bank employees serve as volunteers to an organization that administers the Mississippi Scholars Program for local high schools and connects businesses with the schools. Laurel School District's fee lunch and reduced rate is 87.78%. Volunteers provide financial literacy training and career counseling.
- Bank employees assist in providing financial literacy training to an organization that supports Laurel, Mississippi High Schools with scholarships. Laurel High School's free and reduced lunch rate is 82.67%.

Statewide Community Development Activities in Mississippi

The First has engaged in a host of statewide and regional community development activities that serve the community development needs of state and regional geographies. These activities enhanced the bank's overall performance under the community development test. Some of these community development activities are described below.

Statewide Community Development Investments

Financial Institutions Housing Opportunity Pool

The First contributed \$1.0 million in 2009 to the Financial Institutions Housing

Opportunity Pool (FIHOP) as a membership share to provide funding for loans originated statewide. (Note: The First only received CRA Investment Credit for \$750,000 at the prior examination. Therefore, the bank will receive an additional \$250,000 in CRA Investment Credit at this current examination). FIHOP was created in 2004, as a Mississippi non-profit corporation. Financial institutions operating in Mississippi and the Mississippi Home Corporation (MHC) established FIHOP to assist in the construction, development, or rehabilitation of residential housing, in Mississippi, for persons of low to moderate-income. The bank's Executive Vice President serves on FIHOP's Board of Directors and Loan Committee. As of August 12, 2014, FIHOP had originated 15 loans, totaling \$17.2 million to fund the construction, development or rehabilitation of affordable housing. In addition, FIHOP has issued commitments totaling \$7.1million to fund seven additional projects (220 units). Since its original commitment in 2009, The First has participated in loans for three projects totaling \$3.8 million (245 units). The First's participation interest in these loans totaled \$623,354. No credit was given for these loans since The First was already given credit for its investment in FIHOP.

Statewide Community Development Services in Mississippi

Federal Home Loan Bank (FHLB) of Dallas Sponsorships

As a member of the FHLB, The First, acting as a sponsor/intermediary for low and moderate-income individuals/families and non-profit organizations, assisted in securing approximately \$572,000 in FHLB grants for low and moderate-income individuals, organizations and low and moderate-income projects through the FHLB's Affordable Housing Program (AHP), Homebuyer Equity Leverage Program (HELP), and the Special Needs Assistance Program (SNAP). Details of FHLB funding that The First secured for various projects and individuals are as follows.

Affordable Housing Program (AHP)

- Sponsored organization that received a \$49,000 AHP grant from the FHLB for a single family affordable housing development in Hancock County, Mississippi.
- Sponsored organization that received a \$175,000 AHP grant from the FHLB to provide affordable housing for low and moderate-income individuals and families in Hattiesburg, Mississippi.
- Sponsored organization that received a \$250,000 AHP grant from the FHLB to develop a multifamily affordable housing project in Waveland, Mississippi.

Homebuyer Equity Leverage Program (HELP)

- Sponsored four low and moderate-income individuals in Mississippi that received HELP grants from the FHLB totaling \$24,000 for down payment assistance.

Special Needs Assistance Program (SNAP)

- Sponsored ten low and moderate-income individuals in Mississippi that received SNAP grants from the FHLB totaling \$50,635 for affordable housing.

Statewide Financial Education-Homebuyer Training-Banking the Unbanked Initiatives

The First partners with the American Bankers Association annually to support schools and education during America Saves Week, Teach A Child to Save Day (April) and Get Smart About Credit (October). In Mississippi, the bank partners with The Mississippi Bankers Association for the annual “A Banker in Every Classroom” program (October and November). The bank also supports other statewide programs and organizations that promote financial literacy and banking un-banked low and moderate-income individuals such as Jump\$tart of Mississippi and the Mississippi Council of Economic Education.

State Rating

State of Louisiana

CRA Rating for Louisiana: Satisfactory

The Lending test is rated: Satisfactory.

The Community development test is rated: Satisfactory.

- The distribution of loans by borrower income represents a reasonable penetration among individuals of different income levels. The geographic dispersion of loans is also reasonable.
- Community development loans, investments and services reflect an adequate responsiveness to the community development needs within the AA.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN LOUISIANA

In 2011, The First acquired several bank branches in Mississippi and one branch in the Washington Parish, Non-MSA AA of Bogalusa, Louisiana.

Washington Parish is part of the Bogalusa Micropolitan Statistical Area as well as the New Orleans-Metairie-Bogalusa Combined Statistical Area. Its parish seat is Franklinton, Louisiana. The AA consists of complete political subdivisions in the form of parishes, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

There are 11 census tracts in this AA. Of the 11 census tracts, none are low-income; 54.55% are moderate-income; 45.45% are middle-income; and none are upper-income. In addition, five of the 11 census tracts are categorized as distressed.

The First has one branch and one ATM within the Louisiana Non MSA AA.

The table below represents demographic data of the Louisiana Non MSA:

Demographic Information of Washington Parish AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	11	0.00%	54.55%	45.45%	0.00%	0.00%
Population by Tract	47,168	0.00%	45.40%	54.60%	0.00%	0.00%
Housing Units	20,632	0.00%	45.98%	54.02%	0.00%	0.00%
Owner-Occupied Housing by Tract	12,863	0.00%	42.25%	57.75%	0.00%	0.00%
Family Distribution by Income Level	11,942	0.00%	44.18%	55.82%	0.00%	0.00%
Median Family Income		\$36,587	Median Housing Value			\$85,963
HUD Adjusted Median Family Income for 2010		\$47,000	Unemployment Rate			6.87%
Households Below Poverty Level		26.04%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Washington Parish AA			
Low	Moderate	Middle	Upper
<\$23,499	\$23,500 – \$37,599	\$37,600- \$56,399	>\$56,400

Source: US Census data

According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First’s deposit market share within the AA was 7.61%, ranking the institution 5th out of 6 institutions within the AA. The First’s primary competitors are Citizens Savings Bank (4 offices, 30.83% market share); Whitney Bank (2 offices, 20.56% market share); and Capital One Bank (3 offices, 18.74% market share).

Major Employers in Washington Parish, Louisiana include Temple Inland (manufacturer), Bogalusa School System (education), and LSU-Washington/St Tammany Regional Medical Center (healthcare).

The AA’s unemployment rate as of June 30, 2014 was 8.4% as compared to the state average of 5.7% and a national average of 6.3% as of the same period. The percentages mean the economy in the Washington Parish AA is not as strong as compared to the state of Louisiana’s economy.

SCOPE OF EVALUATION IN LOUISIANA

Conclusions regarding the bank’s lending performance are based on HMDA-related, consumer and small business loans originated for the calendar years of 2012 and 2013. The evaluation period of the Community Development Test was September 2011 to

August 4, 2014. The Community Development Test included a review of loans, investments and services that met the definition of community development services.

Both the lending test and community development test ratings were analyzed to arrive at the overall state rating. CRA performance was assessed by performing a full-scope review of the Washington Parish Non-MSA AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN LOUISIANA

The bank’s overall performance in the Washington Parish, Louisiana AA is satisfactory.

LENDING TEST

The bank’s performance under the lending test in the Washington Parish, Louisiana AA is “Satisfactory”.

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

The overall distribution of home loans, consumer loans, and small business loans reflects reasonable penetration among borrowers of different income levels.

The following table shows the distribution of home loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of families in each income category:

Home Loans

The borrower distribution of home purchase loans is reasonable. The percent of home purchase loans to low-income borrowers is lower but near to AA census characteristics. For moderate-income borrowers, the percent of loans significantly lower when compared to AA census characteristics.

Borrower Distribution of Residential Real Estate Loans in Washington Parish, Louisiana AA								
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	30.56	20.00	18.57	0.00	17.74	20.00	33.14	60.00
Home Refinance	30.56	0.00	18.57	0.00	17.74	100.00	33.14	0.00

Source: 2012 and 2013 HMDA Data

Consumer Loans

The distribution of consumer loans to borrowers reflects a reasonable penetration among borrowers of different income levels.

The percent of consumer loans to low-income borrowers is near to the percent of low-income households in the AA. The percent of consumer loans to moderate-income borrowers exceeds the percent of moderate-income households in the AA.

The following table shows the distribution of consumer loan products among borrowers of different income levels for a 24-month period, ended December 31, 2013 as compared to the percent of AA households in each income category:

Borrower Distribution of Consumer Loans in Washington Parish, Louisiana AA								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	32.98	27.08	16.76	20.83	16.35	22.92	33.91	29.17

Source: 2012 and 2013 CRA Reportable Loans

Small Business Loans

The First’s distribution of 2012-2013 loans to Small Businesses with gross annual revenues of \$1 million or less reflects penetration by number of loans that is excellent, to the level of such businesses operating in the AA based on the 2010 Census information. This represents excellent penetration to small businesses with revenues \$1 million or less. The bank’s performance is shown in the following table:

Borrower Distribution of Loans to Businesses in Washington Parish, Louisiana AA				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	66.61	1.60	31.79	100%
% of Bank Loans in AA by #	70.00	30.00	0.00	100%
% of Bank Loans in AA by \$	64.36	35.64	0.00	100%

Source: 2012 and 2013 CRA Reported Loans; Dun and Bradstreet Data

Geographic Distribution of Loans

The geographic distribution of residential loans, consumer loans, and small businesses within the Washington Parish Non- MSA AA, represents an excellent dispersion, when compared to census tract characteristics. The AA does not include any low-income census tracts, but does include distressed census tracts.

Home Loans

The bank’s geographic distribution of residential loans in moderate-income census tracts represents an excellent dispersion when compared to census characteristics:

Geographic Distribution of Residential Real Estate Loans in Washington Parish, Louisiana AA								
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	% of Number of Loans
Home Purchase	0.00	0.00	42.25	40.00	57.75	60.00	0.00	0.00
Home Refinance	0.00	0.00	42.25	100.00	57.75	0.00	0.00	0.00

Source: 2012 and 2013 HMDA Data

Consumer Loans

The bank’s geographic distribution of consumer loans in moderate-income census tracts is lower than AA census characteristics:

Geographic Distribution of Consumer Loans in Washington Parish, Louisiana AA								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Consumer Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans	% of AA Households	% of Number of Loans
Consumer Loans	0.00	0.00	45.62	66.67	54.38	33.33	0.00	0.00

Source: 2012 & 2013 CRA Reported Loans Data

Small Business Loans

The bank’s geographic distribution of business loans in moderate-income census tracts is excellent when compared to census characteristics:

Geographic Distribution of Loans to Businesses in Washington Parish, Louisiana AA								
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
Businesses	0.00	0.00	48.50	50.00	51.50	50.00	0.00	0.00

Source: 2012 and 2013 CRA Reported Loans Data; Dun and Bradstreet Data

Responses to Complaints

No CRA related complaints were received during our review period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the community development test in Louisiana is rated "Satisfactory".

The First demonstrated satisfactory responsiveness to community development needs of its AA, given the bank's size, financial condition, and known opportunities.

Number and Amount of Community Development Loans

The First did not originate any loans in the Washington Parish AA during the review period. There are limited opportunities for community development lending and investments in the Washington Parish AA.

Number and Amount of Qualified Investments

The First demonstrated satisfactory responsiveness to community development investment needs in the Washington Parish AA. During the review period, the bank made seven investments/contributions totaling nearly \$5,175 to facilitate various community development services and affordable housing for LMI families and individuals. Examples of investments include the following:

- \$1,800 donation to an organization whose mission is to support job creation in Bogalusa and Washington Parish, Louisiana.
- \$1,500 to an organization to help provide summer youth camps for LMI individuals.

Extent to Which the Bank Provides Community Development Services

The First has demonstrated satisfactory responsiveness to community development service needs in the Washington Parish AA.

- Bank employees serve as volunteers to an organization that promotes economic development and community stabilization by providing financial literacy, job training, and various other services primarily targeted to low and moderate-income families and individuals.

Statewide Community Development Services in Louisiana

Federal Home Loan Bank (FHLB) of Dallas Sponsorships

Special Needs Assistance Program (SNAP)

- Sponsored five low and moderate-income individuals in Louisiana that received SNAP grants from the FHLB totaling \$23,365 for affordable housing.

State Rating

State of Alabama

CRA Rating for Alabama: Not rated during this evaluation period.

The Lending test is rated: Not rated.

The Community development test is rated: Not rated.

DESCRIPTION OF INSTITUTION’S OPERATIONS IN ALABAMA

The First acquired First National Bank of Baldwin County, in 2013.

Baldwin County is part of the Daphne-Fairhope-Foley MSA. Its county seat is in Bay Minette, Alabama. The AA consists of complete political subdivisions in the form of counties, and complies with the requirements of the CRA regulations. The AA does not arbitrarily exclude low-income and moderate-income areas.

There are 31 census tracts in this AA. Of the 31 census tracts, none are low-income; 3.23% are moderate-income; 38.71% are middle-income; and 58.06% are upper-income.

The First has five branches and five ATMs within the Alabama Non-MSA AA.

The table below represents demographic data of Alabama Non MSA:

Demographic Information of Baldwin County, Alabama AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Census Tracts	31	0.00%	3.23%	38.71%	58.06%	0.00%
Population by Tract	182,265	0.00%	1.82%	40.20%	57.98%	0.00%
Housing Units	101,093	0.00%	1.42%	37.70%	60.87%	0.00%
Owner-Occupied Housing by Tract	53,309	0.00%	1.29%	39.12%	59.59%	0.00%
Family Distribution by Income Level	50,195	0.00%	1.67%	40.37%	57.96%	0.00%
Median Family Income		\$59,788	Median Housing Value			\$215,330
HUD Adjusted Median Family Income for 2010		\$47,600	Unemployment Rate			3.80%
Households Below Poverty Level		11.02%				
2012 HUD updated MFI						
(*) The NA category consists of Tracts that have not been assigned an income classification.						

Source: 2010 U.S. Census data, CRA Wiz reports

The following table depicts income classification categories:

Income Categories – Baldwin County, Alabama AA			
Low	Moderate	Middle	Upper
<\$23,799	\$23,800 – \$38,079	\$38,080- \$57,119	>\$57,120

Source: US Census data

According to the June 30, 2013 FDIC Summary of Deposit Market Share report, The First’s deposit market share within the AA was 5.51%, ranking the institution 7th out of 20 institutions within the AA. The First’s primary competitors are Regions Bank (12 offices, 20.13% market share); Compass Bank (5 offices, 14.05% market share); and Wells Fargo Bank (7 offices, 12.46% market share).

Major employers in Baldwin County include Baldwin County Board of Education (education), South Baldwin Regional Medical Center (healthcare), Walmart (retailer), and Vulcan (manufacturer).

The AA’s unemployment rate as of June 30, 2014 was 5.7%. This figure compares favorably to a state average of 7.1% and a national average of 6.3% as of the same period.

Appendix A: Scope of Examination

Time Period Reviewed	Lending Test: 01/01/2012 to 12/31/2013 Community Development Test: 10/06/2010 to 08/04/2014	
Financial Institution	Products Reviewed	
The First, Hattiesburg, Mississippi	Residential, Consumer and Small Business Loans, as well as Community Development Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Mississippi <ul style="list-style-type: none"> • Hattiesburg MSA • Gulfport/Biloxi MSA • Pascagoula MSA • Pearl River County • Jones County Louisiana <ul style="list-style-type: none"> • Washington Parish Alabama <ul style="list-style-type: none"> • Baldwin County 	Full Scope in all Mississippi areas and Louisiana. Limited scope of Baldwin County, Alabama.	

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

Overall Bank:	Lending Test Rating	Community Development Test Rating	Overall Bank/State/Multistate Rating
The First	Satisfactory	Outstanding	Satisfactory
Mississippi	Satisfactory	Outstanding	Satisfactory
Louisiana	Satisfactory	Satisfactory	Satisfactory