



# INTERMEDIATE SMALL BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## PUBLIC DISCLOSURE

June 17, 2013

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

BankSouth  
Charter Number 713480

6340 Lake Oconee Parkway  
Greensboro, Georgia 30642

Office of the Comptroller of the Currency  
Three Ravinia Drive, Suite 550  
Atlanta, Georgia 30346

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

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

**The Lending Test is rated: Satisfactory**

BankSouth's Lending Test performance rating is supported by the following:

- a reasonable loan-to-deposit ratio given the bank's size, financial condition and assessment area credit needs;
- a majority of mortgage and commercial loans originated within the assessment areas (AA) based on number and dollar volume;
- a reasonable penetration of home mortgage and commercial loans among borrowers of different income levels and businesses of different sizes; and
- a reasonable dispersion of home mortgage loans among census tracts of different income levels, but a less than satisfactory penetration of commercial loans in low- and moderate-income census tracts.

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

The major factor supporting this rating is an overall reasonable level of community development loans, services, and investments.

## **Scope of Examination**

This evaluation assessed the bank's performance pursuant to the Intermediate Small Savings Bank procedures. These procedures include tests for lending and community development. The integrity of internal loan data as well as loans and investments that meet the definition of community development was tested, and was determined to be reliable for purposes of evaluating the bank's CRA performance.

To evaluate performance under the Lending Test, we reviewed loans originated between January 1, 2010, and December 31, 2011. For 2010 and 2011, BankSouth was not subject to Home Mortgage Disclosure Act reporting requirements. Thus, we reviewed a sampling of home mortgages originated during those years. We also reviewed a sample of commercial loans originated in 2010 and 2011. For loans, investments, and services that meet the definition of community development, the evaluation period was June 28, 2010 through June 17, 2013. In assessing performance with respect to the Community Development Test, we evaluated the bank's loans, grants, and donations, services, and equity and debt investments that satisfied the definition of community development.

## Description of Institution

BankSouth is a federally-chartered stock savings bank headquartered in Greensboro, Georgia, and is a wholly-owned subsidiary of BankSouth Holding Company. As of March 31, 2013, BankSouth had total assets of \$352 million.

BankSouth conducts business from its main office located at Lake Oconee, in Greensboro, Greene County, Georgia. The bank also operates two branch offices, one in the downtown Greensboro, and another in Watkinsville, Oconee County, Georgia. The main office is located in a middle-income census tract that is designated as distressed. The downtown office is in a moderate-income census tract, and the Watkinsville office is in an upper-income census tract. There were no legal or regulatory impediments adversely affecting BankSouth's ability to meet community credit needs during the review period.

Lobby hours at the main office and downtown office are 8:30AM until 4:30PM Monday through Thursday and Friday from 8:30AM until 5:00PM. Both offices have Saturday lobby hours from 8:30AM until noon, and each offers extended hours at drive-through facilities. Lobby hours at the Watkinsville office are 9:00AM to 5:00PM Monday through Thursday, 9:00AM until 6:00PM on Friday, and 9:00AM until noon on Saturday, with extended drive-through hours available Monday through Saturday.

BankSouth offers mortgages for the purchase, construction, and refinancing of residential dwellings as well as mortgages secured by rental properties, lot acquisition loans and home equity loans and lines of credit. Varying mortgage loan terms are available; however, BankSouth mortgages are primarily composed of 35-month renewable balloon notes. The bank also offers commercial real estate loans and farm loans. Commercial loans are offered for working capital and to purchase equipment and inventory. Loans guaranteed by the Small Business Administration (SBA) are also available. Consumer lending products include unsecured personal loans, overdraft protection, and loans secured by deposits, boats and automobiles.

Since the preceding CRA Evaluation conducted in June 2010, BankSouth acquired LoanSouth Mortgage. LoanSouth Mortgage specializes in originating retail mortgages throughout the state of Georgia, but lends in nearby states including Florida and Alabama. The company has seven locations including a main office in Atlanta. Products offered include first and second lien conventional and jumbo mortgages, as well as Federal Housing Act (FHA) and Veterans Administration (VA) loans, and loans for residential rehabilitation. LoanSouth also offers mortgage products featuring flexible lending terms and down payment assistance that make homeownership more affordable. These include, among others, Georgia Dream loans, and loans guaranteed by the United States Department of Agriculture (USDA). Since its purchase, LoanSouth Mortgage has originated 65 USDA loans totaling \$9.1 million.

BankSouth primarily delivers products and services through its main office and branches. Other product delivery systems include business and personal online banking, and electronic bill payment services. Through online banking, customers can view balances and review account histories, transfer money between accounts, order statement copies, make loan payments, and

reorder checks. Online bill pay services allow customers to pay bills owed to any merchant, institution, or creditor. BankSouth operates deposit taking Automated Teller Machines (ATMs) at each of office location, as well as a non-deposit taking ATM at the Ritz-Carlton at Lake Oconee in Greensboro.

As of December 31, 2012, BankSouth reported net loans and leases of \$244 million, which represented 69 percent of total assets. The loan portfolio composition is as follows:

<b>Loan Portfolio Summary by Loan Product December 31, 2012</b>	
<b>Loan Category</b>	<b>% of Outstanding Dollars</b>
1-4 Family Residential	48%
Construction and Development	24%
Commercial and Industrial Loans	2%
Non-Farm and Non-Residential Real Estate	23%
Loans to Individuals	3%

## **Description of Assessment Area (AA)**

BankSouth has designated two separate AAs. One of the assessment areas includes Greene County in its entirety as well as one census tract in Morgan County and one in Putnam County. Greene, Morgan, and Putnam Counties are not part of a Metropolitan Statistical Area (MSA). The other assessment area includes the counties of Clarke and Oconee. These two counties are part of the Athens-Clarke County, Georgia MSA. As one assessment area is part of an MSA and the other is not, the two were evaluated separately in this Report. Based on review of the location of BankSouth’s offices and the distribution of its loan originations, the AA complies with regulatory requirements.

The table below, which is based on 2000 U.S. Census data, sets forth a summary of demographics for BankSouth’s Non-MSA assessment area. A low-income census tract/borrower is one with a median family income (MFI) of less than 50.0 percent of the MFI of an MSA, a moderate-income census tract/borrower is one with a MFI of at least 50.0 percent, and less than 80 percent of the MFI of an MSA, a middle-income census tract/borrower is one with a MFI of at least 80.0 percent, and less than 120.0 percent of the MFI of an MSA, and an upper-income census tract/borrower is one with a MFI of 120.0 percent or more of the MFI of an MSA.

Demographic Information for Non-MSA Assessment Area (One Census Tract in Morgan County, one in Putnam County and Greene County in its Entirety)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	7	0.00%	14.28%	42.86%	42.86%	0.00%
Population by Geography	22,609	0.00%	5.17%	52.24%	42.59%	0.00%
Owner-Occupied Housing by Geography	8,834	0.00%	4.62%	47.13%	48.25%	0.00%
Businesses by Geography	2,554	0.00%	1.64%	52.51%	45.85%	0.00%
Farms by Geography	113	0.00%	2.65%	37.17%	60.18%	0.00%
Family Distribution by Income Level	6,676	0.00%	4.76%	49.40%	45.84%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	2,058	0	166	1,201	691	
HUD Adjusted Median Family Income for 2010 = \$61,300 HUD Adjusted Median Family Income for 2011 = \$59,000 Households Below the Poverty Level = 14.99%			Median Housing Value = \$96,388			

(\*) The NA category consists of geographies that have not been assigned an income classification.

The table below, which is based on 2000 U.S. Census data, sets forth a summary of demographics for BankSouth’s MSA assessment area.

Demographic Information for MSA Assessment Area (Clarke and Oconee Counties)						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	35	14.29%	25.71%	14.29%	45.71%	0.00%
Population by Geography	127,714	14.00%	24.46%	12.91%	48.63%	0.00%
Owner-Occupied Housing by Geography	48,757	3.98%	18.24%	16.43%	61.35%	0.00%
Businesses by Geography	10,796	16.49%	16.80%	12.16%	54.55%	0.00%
Farms by Geography	333	4.20%	9.31%	20.12%	66.37%	0.00%
Family Distribution by Income Level	27,206	7.61%	21.41%	15.49%	55.49%	0.00%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	10,435	1,605	3,463	1,562	3,805	
HUD Adjusted Median Family Income for 2010 = \$57,700 HUD Adjusted Median Family Income for 2011 = \$58,600 Households Below the Poverty Level = 23.55%			Median Housing Value = \$115,062			

(\*) The NA category consists of geographies that have not been assigned an income classification.

BankSouth encounters substantial competition from other financial institutions and mortgage loan providers within its combined MSA and Non-MSA AAs. Besides BankSouth, a total of 24 FDIC-insured financial institutions operate 69 branches in the combined AAs. As of June 30, 2012, the top four banks based on total deposits in BankSouth's combined MSA and Non-MSA AAs were Synovus Bank (\$688 million), SunTrust Bank (\$357 million), Wells Fargo, NA (\$299 million), and Bank of America, NA (\$298 million). Of the 24 FDIC-insured financial institutions, BankSouth ranked fifth in total deposits, with \$295 million.

According to the U.S. Bureau of Labor Statistics, the average unemployment rates for the state of Georgia have steadily decreased in recent years from 10.2 percent in 2010, 9.9 percent in 2011, and 9.0 percent in 2012. For those same years, the average unemployment rates in the Athens-Clarke County, Georgia MSA were considerably lower than the state averages at 7.5 percent, 7.3 percent, and 6.7 percent, respectively. These percentages indicate that the Athens/Clarke County economy has remained fairly robust throughout the period under review when compared with the state of Georgia. Athens is home to the University of Georgia (UGA), a state-supported institution that is part of the University System of Georgia. UGA does not only provide jobs in Athens and the surrounding areas, but it also has a significant impact on the local economy through student, visitor, and staff spending, as well as through the creation of new businesses through UGA sponsored programs. Statistics available through the U.S. Bureau of Economic Analysis show that in 2012, the top three largest employers in Clarke County are the Athens Regional Medical Center, Carrier Corporation (makers of heating and air-conditioning solutions), and Dial America Marketing.

Greene County, where BankSouth's main office is located, is home to Lake Oconee, which is a major attraction for golf, fishing, and water sports. Upscale second homes are prevalent in the area. Average unemployment rates in the county for the period under review were higher than the state averages, at 11.2 percent for 2010, 10.4 percent in 2011, and 9.6 percent in 2012. Nevertheless, the declining unemployment percentages indicate steady improvement in the local economy. Greene County will soon open a new regional hospital that will provide jobs with a numbers of major employers already located in the county. These include NIBCO (a manufacturer of pipefittings), Novelis (a manufacturer of rolled aluminum), Sonoco (a provider of consumer packaging), and the Greene County Board of Education.

### **Community Contact**

During our examination, we obtained information from community leaders about local economic conditions and community credit needs. Through this information, we found the primary credit needs in the community are small business and residential mortgage loans. Banks in the area provide a wide variety of lending products, including Small Business Administration and mortgages to low- and moderate-income individuals.

## Conclusions with Respect to Performance Tests

### LENDING TEST

Overall, lending performance is satisfactory given the bank’s size, financial condition, and ability to meet the credit needs of its assessment area. Full-scope reviews were conducted for both the MSA and Non-MSA assessment areas, which are contiguous, and both areas were considered equally in assigning overall ratings.

#### Loan-to-Deposit Ratio

BankSouth’s average loan-to-deposit (LTD) ratio is reasonable given the size, financial condition, and assessment area credit needs. The bank’s LTD ratio averaged 81.29 percent over the twelve business quarters ended December 31, 2012, with a quarterly low of 70.92 percent and high of 93.24 percent.

BankSouth’s average LTD ratio compares reasonably with other community banks and thrifts of similar size, location, and product offerings.

Institution	Assets as of 3/31/2013	Average LTD Ratio
Newton Federal Bank, Covington, GA	\$226,766	99.25%
The National Bank of Georgia, Athens, GA	\$330,070	98.25%
<b>BankSouth, Greensboro, GA</b>	<b>\$351,980</b>	<b>81.29%</b>
Southwest Georgia Bank, Moultrie, GA	\$365,505	68.50%
Exchange Bank, Milledgeville, GA	\$225,984	62.71%
Oconee State Bank, Watkinsville, GA	\$270,189	62.38%

#### Lending in Assessment Area

The table below depicts the number and dollar volume of home mortgage and commercial loans originated inside and outside the combined assessment areas from January 1, 2010, through December 31, 2011. Information in the table was compiled based upon internal loan registers.

Lending in Assessment Areas										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total	Inside		Outside		Total \$ (000)
	#	%	#	%		\$(000s)	%	\$(000s)	%	
<b>Home Mortgage Loans</b>	66	75.86	21	24.14	87	\$17,211	76.65	\$5,243	23.35	\$22,454
<b>Commercial</b>	64	84.21	12	15.79	76	\$14,273	77.08	\$4,244	22.92	\$18,517
<b>Total</b>	130	79.75	33	20.25	163	\$31,484	76.84	\$9,487	23.16	\$40,971

Source: Internal Loan Registers for 2010 and 2011 Loan Originations

As indicated in the preceding table, the percentage of mortgage and commercial loans based on number and dollar volume inside the assessment areas exceeds the percentage of those type loans outside the assessment area. However, with respect to home mortgages, the majority based on number and dollar volume, are originated outside the assessment areas. During the period under review, BankSouth acquired LoanSouth Mortgage, which originates loans throughout the state of Georgia, as well as in Florida and Alabama. This analysis excludes LoanSouth Mortgages because it would have negatively skewed the bank’s record of performance during this evaluation period.

Since BankSouth has originated a significant dollar volume of mortgage and commercial loans in its assessment area, the bank’s record of lending meets the standards for satisfactory performance.

**Lending to Borrowers of Different Incomes and to Businesses of Different Sizes  
Non-MSA Assessment Area**

The analysis presented in the table below reflects BankSouth’s record of home mortgage lending to borrowers of different income levels in the Non-MSA assessment area. The analysis is based upon a sampling of 30 home mortgages originated in the Non-MSA assessment area during 2010 and 2011, and it compares the bank’s lending to the percentages of assessment area families. All family income levels were stratified as a percentage of the updated median family income (MFI) for the non-metropolitan areas of Georgia. The updated MFI figures, as provided by the Department of Housing and Urban Development, for the non-metropolitan areas of Georgia were \$61,300 for 2010 and \$59,000 for 2011.

Borrower Distribution of Home Mortgage Loans in Non-MSA Assessment Area								
Borrower Income	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 Mortgage Loans	18.42%	20.00%	12.40%	6.67%	19.96%	20.00%	49.22%	53.33%

*Source: Sample of 30 Mortgage Originations from 2010 and 2011*

As reflected in the above table, BankSouth’s level of loan originations to low-income borrowers in the Non-MSA assessment area exceeds the percentage families that are low-income. However, BankSouth’s lending to moderate-income borrowers is significantly less than the percentage of moderate-income families in the assessment area. Considering that BankSouth’s assessment area has a high percentage of households living below the poverty level at 14.99 percent and its success in lending to low-income borrowers, the bank’s overall performance is reasonable.

The following tables reflect BankSouth’s lending to businesses of different sizes within the Non-MSA assessment area, as well as the size of loan originations. Data presented is based upon a sampling of 20 commercial loans originated during 2010 and 2011. For all loans in the sample,

annual business revenue information was available. The data shows that the percentage of small business loans by number is somewhat lower than the percentage of small businesses in the Non-MSA assessment area with annual revenues less than \$1 million. However, the percentage of business loans by dollar volume exceeds the percentage of businesses by number in the AA. The tables also show that 60 percent of the business loans by size were for amounts less than \$100,000. This percentage reflect a commitment to serving the small business credit needs in the assessment area. Overall, the bank’s performance is satisfactory.

Borrower Distribution of Loans to Businesses in Non-MSA Assessment Area				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	84.26%	2.74%	13.00%	100%
% of Bank Loans in AA by #	65.00%	35.00%	0.00%	100%
% of Bank Loans in AA by \$	93.09%	6.91%	0.00%	100%

Source: Sample of 20 Commercial Loans Originated in 2010 and 2011; Dunn and Bradstreet 2000 US Census data.

Borrower Distribution of Loans to Businesses by Loan Size in Non-MSA Assessment Area				
Loan Size (\$000’s)	Number of Loans	Percent of Number	Dollar Volume of Loans	Percent of Dollar Volume
\$0 - \$100,000	12	60.00%	\$535,633	9.23%
\$100,001 - \$250,000	3	15.00%	\$545,308	9.40%
\$250,001 - \$500,000	2	10.00%	\$767,453	13.22%
\$500,001 - \$1,000,000	2	10.00%	\$1,259,530	21.70%
Over \$1,000,000	1	5.00%	\$2,695,200	46.45%

Source: Sample of 20 Commercial Loans Originated in 2010 and 2011.

**MSA Assessment Area (Clarke and Oconee Counties)**

The analysis in the following table is based upon a sample of 20 home mortgages BankSouth originated in the MSA during 2010 and 2011. This data compares the bank’s record of lending to borrowers of different income levels to the percentages of assessment area families of different incomes. For this analysis, family income levels were stratified as a percentage of the updated MFI for the Athens-Clarke County, Georgia MSA. The updated MFI figures, as provided by the Department of Housing and Urban Development, were \$57,700 for 2010 and \$58,600 for 2011.

Borrower Distribution of Home Mortgage Loans in MSA Assessment Area (Clarke and Oconee Counties)								
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 Mortgage Loans	21.81%	15.00%	16.55%	5.00%	18.89%	10.00%	42.75%	70.00%

Source: Sample of 20 Mortgage Originations from 2010 and 2011

BankSouth’s level of mortgage loan originations to low-income borrowers in the MSA is somewhat lower than the percentage of families that are low-income. Mortgage loan originations to moderate-income borrowers are significantly lower than the percentage of moderate-income families in the AA. While the percentage of households living below the poverty level (23.55 percent) has offered some challenges for the bank to penetrate low-and -moderate income borrowers, overall performance is reasonable in view of unemployment rates and poverty levels for the MSA.

The following tables reflect BankSouth’s lending to businesses of different sizes within the MSA assessment area, as well as the size of business loan originations. Data presented is based upon a sampling of 17 commercial loans originated in the MSA during 2010 and 2011. As Clarke and Oconee Counties were added to the assessment area in 2011 with BankSouth’s purchase of North Georgia Bank and LoanSouth Mortgage, commercial lending levels in the MSA in 2010 and 2011 were lower than in the Non-MSA assessment area.

Data in the tables below reflect that the percentage of small business loans by number and dollar volume is slightly lower than the percentage of small businesses in the MSA with annual revenues less than \$1 million. However, of the total number of business loans included in the MSA was unavailable for 23.53 percent. This renders statistical analysis of commercial loans by number of the business loans less meaningful. The tables also show that 82.35 percent by number of the sampled business loans were for amounts less than \$100,000. This percentage reflects a commitment to meeting the small business lending needs of the MSA.

<b>Borrower Distribution of Loans to Businesses in MSA Assessment Area (Clarke and Oconee Counties)</b>				
<b>Business Revenues (or Sales)</b>	<b>≤\$1,000,000</b>	<b>&gt;\$1,000,000</b>	<b>Unavailable/ Unknown</b>	<b>Total</b>
<b>% of AA Businesses</b>	77.17%	3.37%	19.46%	100%
<b>% of Bank Loans in AA by #</b>	64.71%	11.76%	23.53%	100%
<b>% of Bank Loans in AA by \$</b>	71.53%	4.44%	24.03%	100%

*Source: Sample of 17 Commercial Loans Originated in 2010 and 2011; Dunn and Bradstreet 2000 US Census data.*

<b>Borrower Distribution of Loans to Businesses by Loan Size in MSA Assessment Area (Clarke and Oconee Counties)</b>				
<b>Loan Size (\$000's)</b>	<b>Number of Loans</b>	<b>Percent of Number</b>	<b>Dollar Volume of Loans</b>	<b>Percent of Dollar Volume</b>
<b>\$0 - \$100,000</b>	14	82.35%	\$598,763	22.12%
<b>\$100,001 - \$250,000</b>	0	0.00%	\$0	0.00%
<b>\$250,001 - \$500,000</b>	1	5.88%	\$465,600	17.20%
<b>\$500,001 - \$1,000,000</b>	2	11.77%	\$1,643,002	60.68%
<b>Over \$1,000,000</b>	0	0.00%	\$0	0.00%

*Source: Sample of 17 Commercial Loans Originated in 2010 and 2011.*

**Geographic Distribution of Loans**

**Non-MSA Assessment Area**

The analysis presented in the following table reflects the adequacy of dispersion of lending among census tracts of different income levels within the Non-MSA assessment area. The analysis is based upon a sampling of 30 home mortgage loans originated in the Non-MSA assessment area during 2010 and 2011. The analysis compares the percentage of home mortgage originations in census tracts of different income levels to the percentage of owner-occupied housing units (OOHUs) located within those areas.

Geographic Distribution of Home Mortgage Loans in Non-MSA Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage Loans	0.00%	0.00	4.62%	3.33	47.13%	46.67	48.24%	50.00

*Source: Sample of 30 Mortgage Originations from 2010 and 2011*

Based on 2000 U.S. Census data, there were no low-income census tracts and only one moderate-income census tract in the Non-MSA assessment area. As indicated in the above table, BankSouth’s record of lending in the moderate-income census tract compares favorably with the Non-MSA assessment area’s demographics.

The following table presents an analysis of BankSouth’s commercial lending in census tracts of different income levels in the Non-MSA. The analysis is based upon a sample of 30 commercial loans originated during 2010 and 2011. Information in the table below indicates that no sampled business loan originated in the moderate-income census tract, as there are only 1.64 percent of businesses located in this census tract. Due to the low percentage of small businesses in moderate-income census tracts, the bank’s performance is not unreasonable.

Geographic Distribution of Loans to Businesses in Non-MSA Assessment Area								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	0.00%	0.00%	1.64%	0.00%	52.51%	85.00	45.85%	15.00%

*Source: Sample of 20 Commercial Loans Originated in 2010 and 2011.*

**MSA Assessment Area (Clarke and Oconee Counties)**

The analysis presented in the following table reflects the adequacy of dispersion of lending among census tracts of different income levels within the MSA assessment area. The analysis is based upon a sampling of 20 home mortgage loans originated in the MSA during this evaluation period. The analysis compares the percentage of home mortgage originations in census tracts of different income levels to the percentage of owner-occupied housing units (OOHUs) located within those areas.

Geographic Distribution of Home Mortgage Loans in MSA Assessment Area (Clarke and Oconee Counties)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Home Mortgage Loans	3.98%	5.00%	18.24%	15.00%	16.73%	15.00%	61.34%	65.00%

Source: Sample of 20 Mortgage Originations from 2010 and 2011

The percentage of lending in low-income census tracts in the MSA exceeds the percentage of OOHUs located in those census tracts. The percentage of mortgage originations in moderate-income census tracts is slightly lower than the percentage of OOHU in those census tracts.

The following table presents an analysis of BankSouth’s commercial lending in census tracts of different income levels in the MSA assessment area. Data presented is based upon a sampling of 17 commercial loans originated in the MSA during 2010 and 2011. As previously mentioned, because Clarke and Oconee Counties were added to the assessment area in 2011, commercial lending levels for the evaluation period were lower than in the Non-MSA assessment area

Geographic Distribution of Loans to Businesses in MSA Assessment Area (Clarke and Oconee Counties)								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans	% of AA	% of # of Loans
Businesses	16.49%	5.88%	16.80%	5.88%	12.16%	41.18%	54.55%	47.06%

The bank’s level of commercial lending in low- and moderate-income census tracts in the MSA is significantly lower that the percentages of businesses located in those tracts. Loan penetration in low-and-moderate census tracts is less than satisfactory.

**Responses to Complaints**

No complaints concerning BankSouth’s performance in meeting the credit needs of the assessment areas have been received since the previous CRA evaluation.

**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 assessment area 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.

**COMMUNITY DEVELOPMENT (CD) TEST**

BankSouth’s performance with respect to the community development test is rated “Satisfactory”.

The bank's level of community development activity reflects adequate responsiveness to the needs of low- and moderate-income individuals and areas within its assessment areas. The bank operates three full service branch offices, and offers the full range of deposit and lending services at each office. In addition, the bank has originated a good level of community development loans in the assessment areas, and has made adequate investments and donations that satisfy low- and moderate-income needs. Further, bank officers and lending staff regularly volunteer their time and expertise to organizations that provide financial education, as well as housing and childcare services to low- and moderate-income families and at-risk youth.

The majority of the community development loans and qualified investments were to organizations that benefit both the MSA and Non-MSA assessment areas. Therefore, it would not be meaningful to group the analyses separately for each of the assessment areas with respect to the Community Development Test.

### **Number and Amount of Community Development Loans**

Since June 2010, the bank originated/renewed five community development loans in the approximate total amount of \$1.3 million. These loans are described below:

- Origination of a \$6,228 loan to a non-profit agency that provides transitional housing to single mothers;
- Working capital line of credit in the amount of \$100,000 to Greene County Habitat for Humanity;
- Origination of a \$123,434 loan to a non-profit organization to finance a battered women's shelter;
- Origination of a \$1,045,480 loan to Old Salem Volunteer Fire Department. This fire department helps to stabilize the distressed middle-income census tract in which it is located; and
- Origination of a \$30,200 loan to a non-profit organization that helps provide housing and general life style assistance to disabled individuals.

### **Number and Amount of Qualified Investments**

BankSouth made qualified investments in its assessment areas in the approximate total amount of \$1,464,000. These investments included the following:

- The bank invested \$402,383 into the Georgia Tax Credit Fund, Low Income Housing Credits. The Georgia Tax Credit Fund provides for the construction and rehabilitation of apartment complexes throughout Georgia, including the assessment areas, that offer rents affordable to low- and moderate-income families and senior citizens;
- The bank donated to various non-profit organizations within the assessment areas totaling approximately \$512,000. These organizations are involved in such activities as economic

revitalization, providing permanent housing and temporary shelters for battered women and at-risk youth, providing educational assistance to low- and moderate-income students, and offering education and childcare services for low-and-moderate income families. The largest of these donations was made to Saint Mary's Good Samaritan Hospital for \$400,000. The purpose of this donation was to support Greene County's only hospital, which is located in a moderate-income census tract.

- The bank made a \$150,000 investment in a minority owned financial institution located in Atlanta, Georgia.
- The bank purchased a \$400,000 bond from the Greene County Development Authority to benefit a local charter school.

### **Extent to Which the Bank Provides Community Development Services**

BankSouth offers a full range of loan and deposit services at each of its branch locations. All locations feature ATMs and drive-thru facilities with extended hours. In addition, to serve the needs of low- and moderate- income individuals, the bank offers a basic checking account that requires a minimum opening deposit of \$25.00, and no monthly service charge. This account has no required minimum balance, free Internet banking and bill pay, and no per check charges. Bank officers and employees are active in a number of organizations that address low- and moderate-income needs of the assessment areas, including the following:

- Bank officers serve on the boards of directors providing financial expertise to civic organizations that support charities benefiting low- and moderate-income individuals and low-income areas. These charities provide life assistance to at-risk youth, and help meet the housing needs of low- and moderate-income families.
- Bank officers serve in various capacities in non-profit organizations and community associations that promote downtown economic stabilization, as well as the expansion and improvement of low- and moderate-income housing stock;
- A bank officer served as a speaker for an organization that promotes education and life skills assistance for low- and moderate-income women.
- Loan origination personnel regularly participate in first-time homebuyer seminars and educate low- and moderate-income homebuyers regarding down payment assistance programs offered through LoanSouth Mortgage.

### **Responsiveness to Community Development Needs**

In light of available opportunities, the bank's performance demonstrates an adequate responsiveness to the community development needs of its assessment areas.