

## **PUBLIC DISCLOSURE**

*January 23, 1997*

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**First South Bank, N.A.  
Charter # 22531**

**4951 Forsyth Road  
Macon, Georgia 31210-4460**

**Office of the Comptroller of the Currency**

**1117 Perimeter Center West, Suite W-401  
Atlanta, Georgia 30338-5417  
<http://www.occ.treas.gov>**

**NOTE: 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.**

## GENERAL INFORMATION

*The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the 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. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.*

*This document is an evaluation of the Community Reinvestment Act performance of **First South Bank, N.A.**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **January 23, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

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

The CRA rating for First South Bank, N.A. (the “bank” or “FSB”) is based on the institution’s reasonable loan-to-deposit ratio, majority of lending within its assessment area, reasonable distribution of lending to borrowers of different income levels and businesses of different sizes, and a balanced distribution of loans to borrowers in different geographies.

The following table indicates the performance level of *FSB* with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	FIRST SOUTH BANK PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	FSB has not received any CRA-related complaints since the previous evaluation.		

## **DESCRIPTION OF INSTITUTION**

First South Bank, N.A., is the largest bank owned by a two-bank holding company, Bank Corporation of Georgia. The bank's financial condition as of September 30, 1996 is characterized by total assets of \$165 million, gross loans of \$124 million, total deposits of \$149 million, and net income of \$1,792M. The main office is located in the City of Macon in Bibb County. The bank operates five branches that are located in downtown Macon, Fort Valley, Newnan, Montezuma, and Wrightsville. Prior to July 1, 1996, FSB operated under three separate charters (First South Bank, N.A., First South Bank of Coweta County, N.A., and First South Bank of Middle Georgia, N.A.). There are no know legal impediments that should hinder the bank from meeting the credit needs of its assessment areas.

The city of Macon has a population of 120M. Bibb County has a population of 160M. Macon's economy is centered around manufacturing and service firms, schools and universities, and government institutions. The major employer is Warner Robins Airforce Base in nearby Houston County. Fort Valley is located 20 miles south of Macon, where the economy centers around orchard agriculture (peaches, pecans, and peanuts). Significant employers are the Blue Bird Body Company (a bus manufacturer), Fort Valley State College, and Bibb County Textiles. Wrightsville and Montezuma are also agricultural areas, producing row or annual crops such as peanuts, cotton, and corn. Newnan, Coweta County, is emerging from a rural/agricultural area to a suburban area. Due to the lack of significant industry locally, Newnan is largely a bedroom community of Atlanta.

The large regional banks have a strong presence in these markets, including NationsBank, SunTrust, First Union, and Wachovia. Liberty Savings Bank is also a strong player. The bank's primary focus continues to be small business and consumer loans. Currently, 75 percent of the bank's loan portfolio consists of loans secured by real estate. Also, the bank offers a variety of business and consumer deposit products.

## **DESCRIPTION OF ASSESSMENT AREA**

FSB has five separate assessment areas comprised of five counties in Middle Georgia. Bibb, Peach, and Macon counties are contiguous and contain 50 census tracts or block numbering areas (hereafter referred to as "tracts"). The assessment areas contain 28 low and moderate income tracts that represent 45 percent of all tracts. Bibb is the only one of the five counties represented that has low income tracts: twelve of the forty one tracts or 28% are classified as low income. The population of the combined assessment areas is 246,252, with an average median family income of \$25,984. Approximately 27% of families are designated as low income with an addition 17% being moderate income. Three of six branches are located in the Macon Metropolitan Statistical Area (MSA) and one branch is located in the Atlanta MSA. Additional demographic information is shown on the next page.

County	Population	Median Family Income	Census Tracts/BNAs	Low Income	Moderate Income
Bibb	149,967	26,217	41	12 29%	8 20%
Peach	21,189	22,813	5	0	3 60%
Macon County	13,114	21,529	4	0	1 25%
Coweta	53,853	36,531	8	0	3 38%
Johnson	8,329	22,826	4	0	1 25%
Totals	246,452	25,983	62	12 19%	16 26%

We did not contact any community groups during the examination. However, five community contacts previously performed by our office and other regulatory agencies indicated that affordable housing loans in Montezuma was the primary unmet credit need of the assessment areas.

**CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :**

**Loan-to-Deposit Ratio**

The bank's eight-quarter average loan-to-deposit ratio is reasonable at 79 percent compared with 69 percent for other community banks within the assessment area. Figure 1 illustrates how your bank compares to other banks in the assessment area.

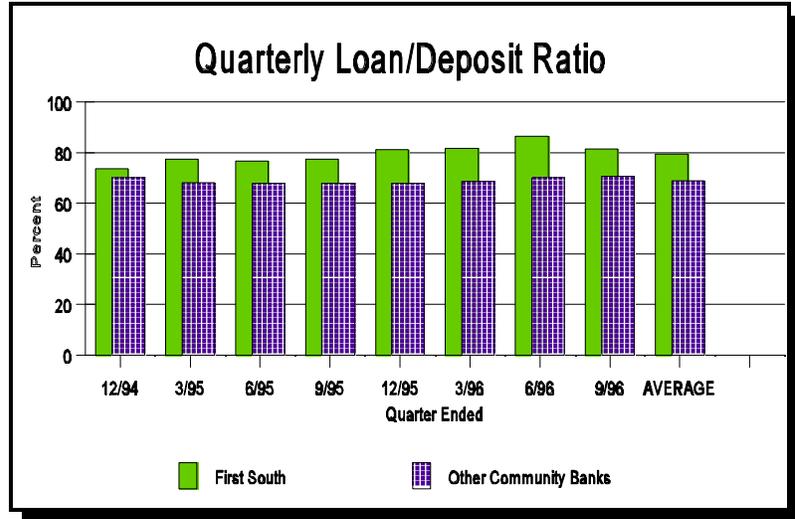


Figure 1

**Lending in Assessment Area**

A majority of the number of the bank's loans were extended to borrowers within the bank's assessment areas. During the first half of 1996, the bank originated 77 percent of its real estate, commercial, and consumer loans to borrowers and businesses within the assessment areas (*see figure 2*).

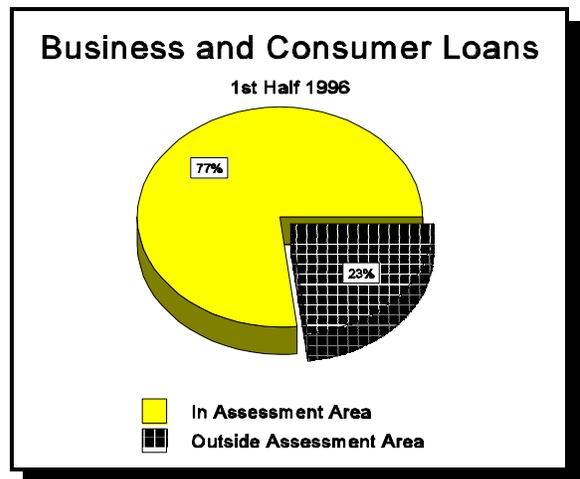


Figure 2

## Distribution of Credit

Our analysis of the bank's lending patterns to borrowers of different income levels was based on a sample of 63 loans to individuals with greater than \$1 million in outstandings. Also, we randomly selected 22 commercial loans to determine the bank's lending patterns to businesses of different sizes. Our analysis of the bank's lending patterns to borrowers in different geographies within the assessment areas was based on the bank's geographic data for 100% of the loans made in the first half of 1996.

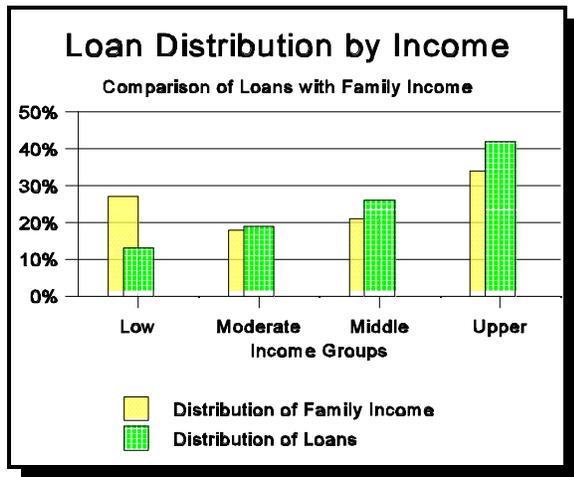


Figure 3

individuals in conjunction with the City of Macon. Also, the new downtown Macon branch has made a number of loans to low income individuals and/or investors buying low income housing for rental to low income people since opening in May 1996.

Lending to businesses of different sizes is reasonable. Based on our sample of 22 loans, commercial loans were made to businesses of varying sizes. Our sample revealed that 32 percent of the commercial loans were extended to smaller businesses with sales less than \$500,000 (figure 4).

**Lending to Borrowers of Different Income s and to Businesses of Different Sizes** Lending to borrowers of different incomes is reasonable. As the graph indicates (figure 3), 13 percent and 19 percent of the number of loans in the sample that originated in the first half of 1996 were extended to low and moderate income borrowers, respectively. The distribution of loans parallels the community distribution except for low income families. Low penetration is attributed to the location of the banking offices in primarily moderate to middle income areas. The bank participates in the Mayor's Housing Partnership program which provides loans to low income

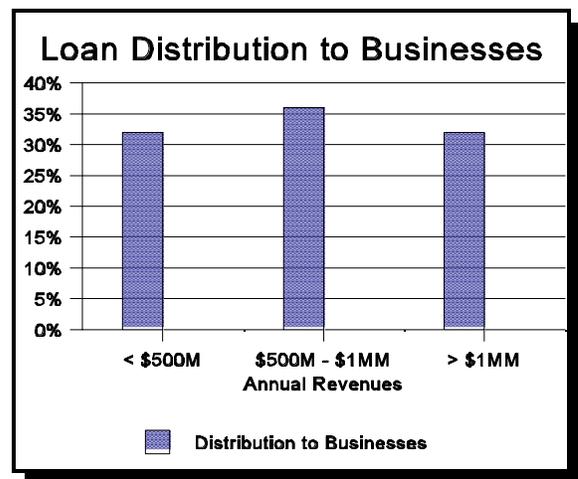


Figure 4

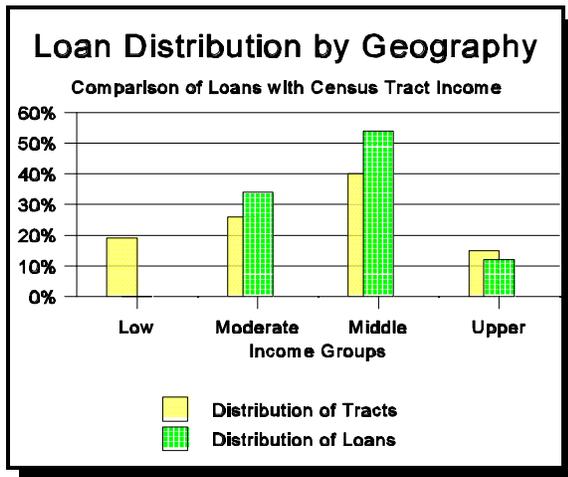


Figure 5

### Lending to Borrowers in Different Geographies

The bank has a satisfactory record of lending to all segments of its assessment areas. The chart depicts the number of loans made by tract for the first half of 1996. Although the bank has made very few loans in low income tracts, they have made a significant number of loans in moderate income tracts (34 percent). Bibb is the only county in the five-county assessment area that contains low income tracts. Prior to the June, 1996 opening of the new downtown Macon office, the only Bibb County location was in a middle income tract that was not in close

proximity to the low income tracts. That location made only 15% of the loans made by the bank during the period reviewed. Management feels that the location of this banking office is the reason for the low penetration in these tracts. The new downtown Macon office should provide additional accessibility to people in low income tracts.

### Response to Consumer Complaints

First South Bank, N.A. did not receive any CRA-related complaints since the most recent CRA examinations dated October 21, 1994 (First South Bank, N.A.) and December 7, 1993 (First South Bank of Middle Georgia, N.A., and First South Bank of Coweta County, N.A.)

### Record of Compliance with Antidiscrimination Laws.

We did not find any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws and regulations, including the Equal Credit Opportunity Act, Fair Housing Act, and the Home Mortgage Disclosure Act. The bank has instituted formal fair lending policies and procedures, training programs, and internal self-testing measures.

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