

PUBLIC DISCLOSURE

July 16, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Bank of York
York, Alabama**

RSSD ID Number: 359838 (SEN 664047)

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

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 the 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 |
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INSTITUTION'S CRA RATING: The institution is rated Satisfactory.

Bank of York's average loan-to-deposit (LTD) ratio for the past nine quarters ended March 31, 2007 is **REASONABLE** given the institution's size, financial condition, and competition within the assessment area. Because commercial lending was the primary activity during the review period, it was the only loan type analyzed in assessing the bank's CRA performance. A **MAJORITY** of the bank's commercial loans were extended to businesses **IN** its assessment area. The bank's lending to businesses of different revenue sizes is **EXCELLENT**. The geographic distribution of the bank's commercial loans within its assessment area reflects a **REASONABLE** dispersion throughout the assessment area. The bank has not received any CRA-related complaints since the previous examination. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

Bank of York is a small community bank which operates two offices in Sumter County, Alabama. The bank operates a main office in York and a branch office in Livingston. As of March 31, 2007, total assets declined 20.9 percent to \$76.4 million from \$96.6 at the beginning of the review period. The bank also had significant declines in loan and securities portfolios.

According to CRA Officer Bobbie Young, the bank's business strategy is to increase loan production and generate more competitive consumer and commercial loans. Each office has an ATM and there are two nondeposit taking ATM's located in local convenience stores. Since the bank's previous examination, the bank has not opened or closed any branch offices.

Bank of York is a full-service community bank that offers a wide variety of deposit and loan products to meet community credit needs. However, due to the bank's business strategy, local competition, and economic conditions in Sumter County, the bank originated very few residential mortgage loans during the review period. The composition of the loan portfolio as of March 31, 2007 is displayed in the following table:

| COMPOSITION OF LOAN PORTFOLIO | | | | | | |
|---|-------------------|----------------|-------------------|----------------|-------------------|----------------|
| Loan Type | 03/31/2007 | | 12/31/2006 | | 12/31/2005 | |
| | \$ (000s) | Percent | \$ (000s) | Percent | \$ (000s) | Percent |
| Construction and Development | \$0 | 0.0% | \$0 | 0.0% | \$0 | 0.0% |
| Secured by One- to Four- Family Dwellings | \$8,103 | 35.7% | \$10,210 | 41.7% | \$11,125 | 35.5% |
| Other Real Estate: Farmland | \$1,751 | 7.7% | \$174 | 0.7% | \$650 | 2.1% |
| Multifamily | \$386 | 1.7% | \$231 | 0.9% | \$238 | 0.8% |
| Nonfarm Nonresidential | \$4,273 | 18.8% | \$2,318 | 9.5% | \$937 | 3.0% |
| Commercial and Industrial | \$3,935 | 17.3% | \$6,779 | 27.7% | \$8,714 | 27.8% |
| Loans to Individuals | \$3,825 | 16.8% | \$4,376 | 17.9% | \$8,139 | 26.0% |
| Agricultural Loans | \$431 | 1.9% | \$372 | 1.5% | \$1,532 | 4.9% |
| Total | \$22,704 | 100.0% | \$24,460 | 100.0% | \$31,335 | 100.0% |

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

As illustrated by the table above, Bank of York's loan portfolio was primarily comprised of loans secured by one-to-four family dwellings, nonfarm nonresidential real estate loans, and commercial and industrial loans. Nonfarm nonresidential real estate loans increased 356 percent from \$937,000 at December 31, 2005, to \$4.3 million as of March 31, 2007. Conversely, both residential real estate and commercial and industrial loans declined significantly during this same period by 27.2 and 54.8 percent, respectively.

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| DESCRIPTION OF INSTITUTION (Continued) |
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Although the bank's portfolio had a high percentage of residential mortgage loans outstanding as of March 31, 2007, most of these loans were originated prior to this review period. Therefore, a sample of commercial loans was considered in evaluating the bank's performance for this review period. The bank is not a HMDA reporter.

There are no known legal or other existing impediments that would deter the bank from meeting the needs of its assessment areas.

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| DESCRIPTION OF ASSESSMENT AREA: Sumter County, Alabama |
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Overview

Bank of York's assessment area consists of all of Sumter County, Alabama. Demographic data from the 2000 census was used to define the bank's assessment area, which consists of five census tracts. Four of the five census tracts (80.0 percent) are moderate-income tracts and one is a middle-income tract (20.0 percent). Sumter County does not have any low-income or upper-income census tracts.

For this reason, the discussion of the assessment area primarily focuses on business-related characteristics of the assessment area. Other statistical data are offered in this section of the report to provide a general impression of the demographics and economic environment of the area

DESCRIPTION OF ASSESSMENT AREA: Sumter County, Alabama (Continued)

Demographic Data by Census Tracts

The following table shows demographic information that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

Assessment Area Demographics

Assessment Area: Bank of York

| Income Categories | Tract Distribution | | Families by Tract Income | | Families < Poverty Level as % of Families by Tract | | Families by Family Income | |
|--|----------------------------------|---|--------------------------|-------------------------|--|-----------------------------|---------------------------|--------------|
| | # | % | # | % | # | % | # | % |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 1,464 | 39.8 |
| Moderate-income | 4 | 80.0 | 3,333 | 90.6 | 1,132 | 34.0 | 673 | 18.3 |
| Middle-income | 1 | 20.0 | 344 | 9.4 | 77 | 22.4 | 546 | 14.8 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 994 | 27.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 5 | 100.0 | 3,677 | 100.0 | 1,209 | 32.9 | 3,677 | 100.0 |
| | Housing Units by Tract | Housing Types by Tract | | | | | | |
| | | Owner-Occupied | | Rental | | Vacant | | |
| | | # | % | % | # | % | # | % |
| Low-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 6,308 | 3,651 | 88.4 | 57.9 | 1,528 | 24.2 | 1,129 | 17.9 |
| Middle-income | 645 | 478 | 11.6 | 74.1 | 51 | 7.9 | 116 | 18.0 |
| Upper-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0 | 0.0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 6,953 | 4,129 | 100.0 | 59.4 | 1,579 | 22.7 | 1,245 | 17.9 |
| | Total Businesses by Tract | Businesses by Tract & Revenue Size | | | | | | |
| | | Less Than or = \$1 Million | | Over \$1 Million | | Revenue Not Reported | | |
| | | # | % | # | % | # | % | # |
| Low-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Moderate-income | 312 | 93.4 | 248 | 93.2 | 30 | 93.8 | 34 | 94.4 |
| Middle-income | 22 | 6.6 | 18 | 6.8 | 2 | 6.3 | 2 | 5.6 |
| Upper-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Unknown-income | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Total Assessment Area | 334 | 100.0 | 266 | 100.0 | 32 | 100.0 | 36 | 100.0 |
| Percentage of Total Businesses: | | | | 79.6 | | | 9.6 | 10.8 |

Based on 2000 Census Information.

DESCRIPTION OF ASSESSMENT AREA: Sumter County, Alabama (Continued)

Population Information

The assessment area population decreased 8.1 percent since the 2000 census. The assessment area population was 13,606 as of July 1, 2006. This population represents 0.30 percent of the 4,599,030 people estimated to be residing in the state of Alabama.

Employment Statistics

The assessment area employment is dependent on manufacturing , retail, and government jobs. The following table indicates a relatively stable trend in the unemployment rates for Sumter County and the state of Alabama, according to the Bureau of Labor Statistics:

| UNEMPLOYMENT RATES FOR YEARS 2005 – 2006 (Not Seasonally Adjusted) | | |
|---|--------------------------|------------------------|
| Area | 2005 (annualized) | 2006 (November) |
| Sumter County | 6.3% | 6.1% |
| State of Alabama | 3.9% | 3.6% |

Business Size Characteristics

The table on page 7 provides key demographic business data by census tract income level in Bank of York’s assessment area. According to the 2000 census, 79.6 percent of the businesses in the bank’s assessment area have gross annual revenues of \$1 million or less, and therefore were considered small businesses.

Competition

The bank operates in a competitive market. According to the FDIC Market Share Report as of June 30, 2006, there were three financial institutions in the area operating four offices. Although Bank of York ranks second with a deposit market share of 38.4 percent in Sumter County, the other two financial institutions have total assets of \$476 million and \$133 billion and are not considered peers of the bank. Local competition does not appear to have adversely affected the bank’s ability to serve the credit needs of its assessment area.

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| DESCRIPTION OF ASSESSMENT AREA: Sumter County, Alabama (Continued) |
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Community Contacts

As a part of the CRA examination, information was obtained from two community contacts regarding local economic conditions and community credit needs. Both community contacts praised local financial institutions; however, they reiterated the continued need for financing small businesses, low-income housing, and industrial-type loans.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

SCOPE OF EXAMINATION

Bank of York's CRA rating was based on its lending activities in its assessment areas using small bank examination procedures. The evaluation included an analysis of a sample of commercial loans originated from January 2005 through March 2007 in Sumter County. For these loans, 2000 census demographic data were used to define the bank's assessment area.

The following table contains the loan data used in the analysis:

Loan Distribution Table

Assessment Area: Bank of York

| | Commercial Loans | | | |
|-------------------------|------------------------|---------------|--------------|---------------|
| | # | % | \$(000s) | % |
| | By Tract Income | | | |
| Low | 0 | 0.0% | 0 | 0.0% |
| Moderate | 77 | 91.7% | 3,994 | 96.7% |
| Middle | 7 | 8.3% | 135 | 3.3% |
| Upper | 0 | 0.0% | 0 | 0.0% |
| Unknown | 0 | 0.0% | 0 | 0.0% |
| <i>Total</i> | <i>84</i> | <i>100.0%</i> | <i>4,129</i> | <i>100.0%</i> |
| | By Revenue | | | |
| \$1 Million or Less | 76 | 90.5% | 2,824 | 68.4% |
| Over \$1 Million | 8 | 9.5% | 1,307 | 31.6% |
| Not Known | 0 | 0.0% | 0 | 0.0% |
| <i>Total</i> | <i>84</i> | <i>100.0%</i> | <i>4,131</i> | <i>100.0%</i> |
| | By Loan Size | | | |
| \$100,000 or less | 73 | 86.9% | 1,560 | 37.8% |
| \$100,001 - \$250,000 | 6 | 7.1% | 941 | 22.8% |
| \$250,001 - \$1 Million | 5 | 6.0% | 1,629 | 39.4% |
| Over \$1 Million | 0 | 0.0% | 0 | 0.0% |
| <i>Total</i> | <i>84</i> | <i>100.0%</i> | <i>4,130</i> | <i>100.0%</i> |

Originations and Purchases

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Loan-to-Deposit Ratio (LTD) Analysis

Bank of York's LTD ratio is considered **REASONABLE** given the bank's size, financial condition, and assessment area credit needs. The bank's average LTD ratio for the nine quarters ended March 31, 2007 was 46.3 percent. As noted, Bank of York is one of three existing financial institutions in Sumter County. The other two financial institutions' average LTD ratios for the same period were 73.8 percent and 102.8 percent, as of March 31, 2007.

Assessment Area Concentration

A **MAJORITY** of the bank's lending occurred inside its assessment area. The following table shows the distribution of commercial loans that were originated during the review period inside and outside of the bank's assessment area, by number and dollar amount:

Lending Inside and Outside the Assessment Area

| Loan Type | Inside | | | | Outside | | | |
|--------------------|-----------|-------------|----------------|-------------|-----------|-------------|----------------|-------------|
| | # | % | \$(000s) | % | # | % | \$(000s) | % |
| Commercial | 84 | 72.4 | \$4,129 | 65.6 | 32 | 27.6 | \$2,166 | 34.4 |
| TOTAL LOANS | 84 | 72.4 | \$4,129 | 65.6 | 32 | 27.6 | \$2,166 | 34.4 |

As indicated by the table above, 72.4 percent of the bank's commercial loans by number and 65.6 percent by dollar amount were made inside the bank's assessment area. This level of lending inside the assessment area indicates that the bank is serving the credit needs of its community.

Lending to Businesses of Different Sizes

The distribution of commercial loans across business revenue size was compared with available demographic information. Of the sample of 84 commercial loans originated in the bank's assessment area during the review period, 90.5 percent were extended to businesses with gross annual revenues of \$1 million or less, compared to 79.6 percent of the businesses located in the assessment area considered to be small businesses. In addition, 79 (94.0 percent) of the small business loans originated were in amounts of \$250,000 or less, indicating the bank's willingness to make small loans, which small businesses are more likely to seek.

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| CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued) |
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Based on the information described above, Bank of York's lending performance reflects **EXCELLENT** penetration among businesses of various revenue sizes.

Geographic Distribution of Loans

Commercial loans originated during the review period were compared with available demographic information to evaluate Bank of York's performance with regard to the geographic distribution of loans. Of the sample of 84 commercial loans originated in the bank's assessment area, 77 loans (91.7 percent) were extended to businesses located in moderate-income tracts, which is slightly less than the percentage of small businesses located in these tracts at 93.2 percent. Seven (8.3 percent) of the bank's sample of commercial loans were originated in the middle-income tract, which is more than the percentage of small businesses located in this tract at 6.8 percent. However, 96.7 percent of the dollar volume associated with the loans extended in moderate-income tracts compared favorably to 3.3 percent in the middle-income tract.

Based on the information above, Bank of York's performance with regard to the geographic distribution of commercial lending reflects a **REASONABLE** dispersion throughout the assessment area.

Responsiveness to Complaints

The bank has not received any CRA-related complaints during the review period.

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was noted during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.

APPENDIX A: SCOPE OF EXAMINATION

| | | | |
|---|-------------------------------|-----------------------------------|--------------------------|
| TIME PERIOD REVIEWED | | | |
| January 2005 – March 2007 | | | |
| FINANCIAL INSTITUTION | | | PRODUCTS REVIEWED |
| Bank of York, York, Alabama | | | Commercial loans |
| AFFILIATE(S) | AFFILIATE RELATIONSHIP | | PRODUCTS REVIEWED |
| None | Not Applicable | | None |
| LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION | | | |
| ASSESSMENT AREA | TYPE OF EXAMINATION | BRANCHES VISITED | OTHER INFORMATION |
| Sumter County, Alabama | Full Scope | Livingston Branch and Main Office | |

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| APPENDIX B: GENERAL INFORMATION AND DEFINITIONS |
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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 (CRA) performance of Bank of York prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of July 16, 2007. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

ABBREVIATIONS

| | |
|--------|---|
| ATM - | Automated Teller Machine |
| FDIC - | Federal Deposit Insurance Corporation |
| HMDA - | Home Mortgage Disclosure Act |
| HUD - | Department of Housing and Urban Development |
| LTD - | Loan-to-Deposit Ratio |
| MSA - | Metropolitan Statistical Area |

Rounding Convention

Because percentages presented in tables were rounded to the nearest whole number in most cases, some columns may not total exactly 100 percent.

APPENDIX C: GLOSSARY

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

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| APPENDIX C: GLOSSARY (Continued) |
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Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.