

PUBLIC DISCLOSURE

January 14, 2008

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Capital South Bank
Birmingham, Alabama**

RSSDID Number: 567231

SEN: 681722

**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 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

INSTITUTION'S CRATING

This institution is rated : Satisfactory.

The Lending Test is rated : Satisfactory.

The Community Development Test is rated : Satisfactory.

LENDING TEST

The bank's loan-to-deposit ratio is **MORE THAN REASONABLE** given the institution's size, financial condition, and assessment area credit needs. A **MAJORITY** of the bank's HMDA and commercial loans are made in the bank's assessment areas. The geographic distribution of loans reflects **REASONABLE** dispersion throughout the assessment area. The distribution of borrowers reflects **REASONABLE** penetration among customers of different income levels and businesses of different sizes. The bank has not received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance demonstrates **ADEQUATE** responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment areas.

INSTITUTION(Continued)

The following table indicates the performance level of CapitalSouth Bank with respect to the lending and community development tests.

PERFORMANCELEVELS	<u>CapitalSouthBank</u>	
	PERFORMANCE TESTS	
	LendingTest	CommunityDevelopment Test
Outstanding		
Satisfactory	X	X
NeedstoImprove		
SubstantialNoncompliance		

INSTITUTION(Continued)

SCOPEOFEXAMINATION

CapitalSouthBank's CRA performance review was based on CRA activities within its assessment area using the Interagency Intermediate Small Institution Examination Procedures. Under these procedures, effective as of September 1, 2005, intermediate small banks with assets sizes greater than \$250 million but less than \$1 billion may be evaluated using two separately rated tests; a lending test and a community development test, at the bank's election. The community development test includes an evaluation of community development loans, investments, and services in light of community development needs and the capacity of the bank.

For the lending test, a sample of commercial loans as well as loans subject to the reporting requirements of Regulation C – Home Mortgage Disclosure (HMDA) were reviewed for the period January 1, 2005 through December 31, 2006 as these loans make up a substantial percentage of the bank's loan portfolio. Because the bank is required to report all HMDA loans, the total volume of these loans is reflected in the analysis. Commercial loans are not reported, so a statistical sample was used for the analysis. For this reason the dollar amount of HMDA loans appears higher than that of the commercial loans in the tables. The community development evaluation included an analysis of community development loans originated; qualified investments and donations made; and community development services provided from October 20, 2003 through January 14, 2008.

For purposes of CRA, HMDA loans are those loans defined in the Federal Reserve Board's Regulation C. The HMDA loan categories are home purchase, home refinancing, home improvement, and multifamily loans. A small business loan is defined as a business loan with an original amount of \$1 million or less. A community development loan is a loan that has a purpose of providing affordable housing to, or community services for low- or moderate-income persons, revitalizing or stabilizing low- or moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies, or economic development through the financing of small businesses and farms that meet certain eligibility standards.

The bank has designated four assessment areas for CRA: Jefferson County and portions of Shelby County in the Birmingham, Alabama MSA; portions of Madison County in the Huntsville, Alabama MSA; portions of Montgomery and Elmore Counties in the Montgomery, Alabama MSA; and Duval County in the Jacksonville, Florida MSA.

INSTITUTION(Continued)

DESCRIPTIONOFINSTITUTION

In September 2005, the bank changed its name from Bank of Alabama to CapitalSouth Bank. CapitalSouth Bank, a full-service community bank headquartered in Birmingham, Alabama, is a wholly owned subsidiary of CapitalSouth Bancorp, also headquartered in Birmingham. Since the previous examination, the bank has merged with or acquired two institutions and one mortgage subsidiary, Capital Bank, Montgomery, Alabama (November 2006), Monticello Bank, Jacksonville, Florida (September 2007), and Monticello Bank's mortgage subsidiary, Mortgage Lion, Incorporated, Jacksonville, Florida (September 2007). Prior to the merger, Capital Bank operated under the same holding company as Bank of Alabama. Since the Monticello Bank acquisition occurred after the lending review period, no loan data from Monticello Bank is reflected in the analysis. In addition, the bank has opened four branch offices and closed two branch offices. Therefore, as of the date of the examination, the bank had 10 branch offices and 11 automated teller machines (ATMs) in its Alabama and Florida assessment areas. The bank had assets totaling \$813.0 million as of September 30, 2007.

The composition of the loan portfolio according to the September 30, 2007 Consolidated Reports of Condition and Income (Call Report) was as follows:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	9/30/2007		12/31/2006		12/31/2005	
	\$(000s)	Percent	\$(000s)	Percent	\$(000s)	Percent
Construction and Development	196,495	30.6%	125,542	33.7%	77,489	27.3%
Secured by One-to-Four-Family Dwellings	155,499	24.2%	59,275	15.9%	62,887	22.2%
Other Real Estate:						
Farmland	6,269	1.0%	4,611	1.2%	2,117	0.7%
Multifamily	36,291	5.7%	27,823	7.5%	31,467	11.1%
Nonfarm nonresidential	138,999	21.7%	85,671	23.0%	61,806	21.8%
Commercial and Industrial	101,596	15.8%	64,661	17.4%	42,570	15.0%
Loans to Individuals	6,862	1.1%	4,410	1.2%	5,246	1.8%
Agricultural Loans	0	0.0%	0	0.0%	0	0.0%
Total	\$642,011	100.00%	\$371,993	100.00%	\$283,582	100.00%

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

As indicated by the table above, the bank's loan portfolio as of September 30, 2007 consisted primarily of nonfarm nonresidential real estate loans and commercial and industrial loans at 37.5 percent of the portfolio. These loans were sampled for our analysis and are referred to as commercial loans throughout this evaluation. Construction and development loans made up 30.6 percent of the portfolio. The construction and development

INSTITUTION(Continued)

loans were made almost entirely to builders and real estate developers. From December 31, 2003 to September 30, 2007, the bank's loan portfolio experienced growth of 205.8 percent. The most significant growth in the bank's loan portfolio, by dollar amount and percentage, occurred in the loans secured by one-to-four family dwellings.

CapitalSouth Bank offers a wide variety of credit products to meet community credit needs. These credit products include consumer installment, real estate, commercial, and community development loans. The bank's business strategy encourages commercial and consumer real estate lending.

The bank generally complies with the requirements of the CRA. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment areas. There were no significant local economic factors that affected the bank's ability to comply with the regulation. The bank received a "Satisfactory" rating under small bank procedures at its previous CRA examination conducted by the Federal Reserve Bank of Atlanta on October 20, 2003.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

The bank's overall CRA rating was based primarily on CapitalSouth Bank's performance in the state of Alabama. Greater weight was given to performance in the state of Alabama because the greater percentage of the bank's deposits and loans are in the Alabama assessment areas. Of the total loans originated during the review period, 97.1 percent of the HMDA loans and 89.2 percent of the commercial loans were made in the Alabama assessment areas. In addition, 98.8 percent of the bank's deposits and 88.8 percent of the bank's branches were located in the Alabama assessment areas as of June 30, 2007.

Based on the bank's size and lending capacity and the percentage of loans extended in its assessment areas, the overall rating of the institution for the lending test is **SATISFACTORY**.

The following narrative details the bank's efforts with regard to each performance criterion.

INSTITUTION(Continued)

Loan-To-DepositAnalysis

CapitalSouth Bank’s average loan-to-deposit (LTD) ratio for the 16 quarters ending September 30, 2007 was 93.4percentandisconsidered **MORETHAN REASONABLE**giventheinstitution’ssize,financialcondition, andassessmentareacreditneeds. Thebank’sLTDratio rangedfromalowof84.1percentasofSeptember30, 2005toahighof99.9percentasofMarch31,2005. CapitalSouthBank’saverageLTDratio was compared withtheaverageLTDratiooffourfinancialinstitutionsoperatinginthebank’sassessmentareas that asset sizesrangingbetween\$750millionand\$1billionduringthereviewperiod. TheaverageLTDratiosforbanks ofsimilarasset sizeoperatinginAlabamarangefromalowof81.9percenttoCapitalSouthBank’shighof 93.4percent. There was only one bank of similar asset sizeoperatinginFlorida, which had an averageLTD ratioof98.2percent.

AssessmentAreaConcentration

A **MAJORITY** of the bank’s lending occurred inside its assessment areas. The following table shows the distribution of loans that were originated from January 1, 2005 to December 31, 2006 inside and outside the bank’s assessment areas, by number of loans and dollar amount, according to loan type.

LendingInsideandOutsidetheAssessmentArea

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HomeImprovement	2	100.0	\$64	100.0	0	0.0	\$0	0.0
HomePurchase-Conventional	19	67.9	\$2,357	48.4	9	32.1	\$2,516	51.6
Multi-FamilyHousing	27	100.0	\$16,553	100.0	0	0.0	\$0	0.0
Refinancing	22	71.0	\$4,630	72.1	9	29.0	\$1,795	27.9
TotalHMDArelated	70	79.5	\$23,604	84.6	18	20.5	\$4,311	15.4
SmallBusiness	139	86.9	\$38,122	80.6	21	13.1	\$9,160	19.4
TotalSmallBus.related	139	86.9	\$38,122	80.6	21	13.1	\$9,160	19.4
TOTALLOANS	209	84.3	\$61,726	82.1	39	15.7	\$13,471	17.9

Note:Affiliate loansnotincluded

As indicated by the table above, 84.3 percent of the bank’s loans by number were made to customers and businesses inside the bank’s assessment areas. Also, 82.1 percent of the loans by dollar amount were made inside the bank’s assessment areas. This level of lending inside the assessment area indicates that the bank is serving the credit needs of its assessment areas.

INSTITUTION(Continued)

GeographicDistribution

The bank's geographic distribution of loans reflects a **REASONABLE** dispersion throughout the bank's assessment areas. This conclusion was based upon the bank's performance in the Birmingham assessment area for the state of Alabama and the Jacksonville assessment area for the state of Florida in comparison to available demographic data for each area and aggregate HMDA lending data. The geographic analysis of HMDA, and commercial lending within the Birmingham and Jacksonville assessment areas is discussed later in this report.

DistributionbyBorrowerProfile

The distribution of borrowers reflects **REASONABLE** penetration among customers of different income levels and businesses of different revenue sizes. This conclusion was also based upon the bank's performance in the Birmingham assessment area in the state of Alabama and the Jacksonville assessment area in the state of Florida in comparison to available demographic data for each area and aggregate HMDA lending data. The analysis of HMDA, and commercial lending within the Birmingham and Jacksonville assessment areas by borrower profile is discussed later in this report.

Responsiveness to Complaints

The bank has not received any CRA-related complaints since the previous examination.

COMMUNITY DEVELOPMENT TEST

Overview

According to the community development test, an institution should appropriately assess the needs in its community; engage in different types of community development activities based on those needs and the institution's capacity; and take reasonable steps to apply its community development resources strategically to meet those needs. Areas examined include community development lending, qualified investments, and community development services.

Taking into consideration the bank's capacity, competition, and the need and availability of opportunities for community development in the bank's assessment areas, the overall rating of the institution for the community development test is **ADEQUATE**.

CapitalSouthBank originated 49 community development loans totaling approximately \$39 million during the review period. Most of the loans were for the purpose of purchasing and renovating affordable housing for low-

INSTITUTION(Continued)

or moderate-income families. Of the \$39 million in community development loans, \$38.3 million were in the Alabama assessment areas and approximately \$ 600,000 was in the Florida assessment area.

CAPITALSOUTHBANKCOMMUNITYDEVELOPMENTLOANS			
AssessmentArea	NumberofLoans	LoanAmount	MultifamilyUnits
Birmingham,Alabama	37	\$35,543,561.97	1,133
Huntsville,Alabama	3	\$725,000	50
Jacksonville,Florida	1	\$600,000	16
Montgomery,Alabama	8	\$2,095,750	59
Total	49	\$38,964,311.97	1,258

The bank has elected to support some community development initiatives through its purchase of municipal bonds and contributions to various charitable and community development organizations that support the needs of low- and moderate-income families or individuals. Community development investments by CapitalSouth Bank during the review period consisted of donations that totaled \$12,920. All \$12,920 in qualified investments were in the Birmingham, Alabama assessment area. A description of these investments can be found in the "Birmingham Assessment Area" section of this evaluation.

CapitalSouth Bank offers free checking and free business checking accounts that benefit low- and moderate-income individuals and small businesses. Additionally, the bank offers Internet and Telephone Banking and innovative lending programs such as "Credit Building Loans", which waive certain fees and are redesigned to help individuals build a positive credit history. One of the ten branches and two of the eleven ATMs are located in low- or moderate-income census tracts. However, some branches are located within close proximity to LI MI census tracts. Four of the branch locations offer Saturday service hours and CapitalSouth Bank offers free ATM services at any Publix network. Officers and employees of the bank have also used their financial expertise to provide financial services that benefit residents in the assessment area. The following table depicts the bank's community development services for the review period.

INSTITUTION(Continued)

CAPITALSOUTHBANKCOMMUNITYDEVELOPMENTSERVICES		
ASSESSMENT AREA	ORGANIZATION	POSITION/SERVICE
Birmingham, Alabama	IrondaleCityCouncil	A bank officer was the Finance Chairman of this council, which provided incentive packages and alternative funding sources to kick off commercial and industrial projects for small business enterprises.
	Campfire	A bank officer was a member of the Central Alabama Council, which provides technical and educational training to children from low- and moderate-income families.
	CuentaAmigaCheckingAccount	CuentaAmiga is a CapitalSouthBank checking account designed for Hispanic customers. Personalized checks, statements, deposit tickets, and all account information are in Spanish.
	KPI Latino–Business Roundtable	A bank officer spoke on a weekly Hispanic radio station regarding subjects such as financial privacy, credit history, and small business accounting standards.
Jacksonville, Florida	Junior Achievement of North Florida	A bank officer provided education to children from low- and moderate-income families about business and economics and encouraged them to stay in school.
	American Bankers Association Education Foundation–Educational workshops	A bank officer provided financial education awareness to high school students from low- and moderate-income families, which included how to establish and maintain good credit.

COMPLIANCE WITH ANTI-DISCRIMINATION LAWS

CapitalSouth Bank solicits applications from all segments of its communities, including low- and moderate-income areas. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit applications is based solely on financial and economic considerations. The bank has adopted an antidiscrimination policy. No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank complies with the substantive provisions of antidiscrimination laws and regulations.

STATE:ALABAMA

CRARATINGFORALABAMA:Satisfactory.

TheLendingTestisrated:Satisfactory.

TheCommunityDevelopmentTestisrated:Satisfactory.

SCOPEOFEXAMINATION

CapitalSouth Bank operates in three assessment areas in the state of Alabama: The Birmingham assessment area, the Huntsville assessment area, and the Montgomery assessment area. CapitalSouth Bank's rating for the state of Alabama was based primarily on its performance in the Birmingham assessment area, which was reviewed using full-scope examination procedures. The Birmingham, Alabama assessment area was selected for full-scope procedures because the greater percentage of loans, deposits, and branches in the Alabama assessment areas are in the Birmingham assessment area. As noted on page 24, the Huntsville and Montgomery assessment areas were reviewed using limited-scope examination procedures; however, using available facts and data, including performance and demographic information, the conclusions regarding performance in these assessment areas did not affect the overall rating.

DESCRIPTIONOFOPERATIONSINALABAMA

Overview

CapitalSouth Bank operates seven of its ten branches and seven of its eleven ATMs in its Alabama assessment areas. As of June 30, 2007, the bank had \$424.8 million in deposits in the Alabama assessment areas, which represented 98.8 percent of CapitalSouth Bank's total deposits. Of the total lending during the review period, 97.1 percent of the HMDA loans and 89.2 percent of the commercial loans were originated in the Alabama assessment areas.

STATE:ALABAMA(Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

The geographic distribution of loans reflects a **REASONABLE** dispersion of loans to low- and moderate-income census tracts in the bank's assessment areas. The distribution of borrowers, given the demographics of the area, reflects **REASONABLE** penetration among individuals of different income levels and businesses of different sizes. The bank has not received any CRA-related complaints since the previous examination. These conclusions were based on the bank's performance in the Birmingham, Alabama assessment area, which is discussed in detail later in this report.

COMMUNITY DEVELOPMENT TEST

CapitalSouthBank's community development performance in the state of Alabama demonstrates **ADEQUATE** responsiveness to the community development needs of its assessment areas through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in CapitalSouth Bank's Alabama assessment areas.

CapitalSouth Bank originated 48 community development loans totaling \$38.3 million in the Alabama assessment areas. Most of the loans were for the purpose of providing affordable housing for low- and moderate-income families. The bank also made qualified investments in the Alabama assessment areas totaling approximately \$12,920. These investments provided services to low- and moderate-income individuals and small businesses and revitalized and stabilized low- and moderate-income geographies. The bank provides an adequate level of community development services that benefit residents of CapitalSouth Bank's assessment areas in Alabama. Of the bank's seven branches in Alabama, one is located in a low- or moderate-income census tract and two branches are located in close proximity to low- or moderate-income census tracts.

METROPOLITAN AREA: BIRMINGHAM ASSESSMENT AREA

SCOPE OF EXAMINATION

CapitalSouth Bank's performance in the Birmingham assessment area was reviewed using full-scope examination procedures. This assessment area includes Jefferson County, portions of Shelby County, and is part of the Birmingham MSA. Of CapitalSouth Bank's total lending reviewed during this examination, 62.9 percent of the HMDA loans and 63.3 percent of the commercial loans were originated in the Birmingham assessment area. In addition, as of June 30, 2007, 72.8 percent of the bank's total deposits were in the Birmingham assessment area. Commercial loans were given more weight than HMDA loans in determining the bank's lending test performance for the Birmingham assessment area because they are the predominant product. Because the bank is required to report all HMDA loans, the total volume of these loans is reflected in the analysis. Commercial loans are not reported, so a statistical sample was used for the analysis. For this reason the dollar amount of HMDA loans appears higher than that of the commercial loans in the tables.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE BIRMINGHAM, ALABAMA MSA

Overview

CapitalSouth Bank operates four banking offices and four ATMs in the Birmingham assessment area. As of June 30, 2007, the bank had deposits of \$312.9 million in the Birmingham assessment area, representing 72.8 percent of the bank's total deposits.

Demographic Data by Census Tracts

For all loans originated during the review period, 2000 census demographic data was used to define the bank's assessment area. The assessment area includes 166 census tracts. Sixteen are low-income tracts, 45 are moderate-income tracts, 50 are middle-income tracts, and 55 are upper-income tracts.

Population Information

According to the 2000 census, the population of the Birmingham assessment area was 805,340 persons, which represents approximately 18.2 percent of the state of Alabama's total population of 4,447,100 persons. In addition, 13,194 or 1.6 percent of persons in the Birmingham assessment area were of Hispanic origin. Between the 2000 census and population estimates as of July 1, 2006, the population of the bank's Birmingham assessment area increased by 29,542 persons, or 3.7 percent. During this same time period, the population of persons of Hispanic origin increased by 10,077 persons, or 176.4 percent.

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

HousingCharacteristics

2000censusdataindicatesthatthemedianvalueof housingunitsintheassessmentareawas\$95,692, whichis 24.7percenthigherthanthemedianhousingvaluefor thestateofAlabamaat\$76,700. Themedianage of housingintheassessmentareais30years,whichis sthehigherthanthemedianageofthehousingstockforthe stateofAlabamaat25years.

HUDEstimatedMedianFamilyIncomesfor2005and2006

The 2005 HUD estimated median family income for the Birmingham, Alabama MSA, which includes the Birminghamassessmentarea,was\$54,350. Basedon theHUDEstimatedmedianfamilyincome,low-income familieswerethosefamilieswithgrossannualincomesof\$27,175orless. Moderate-incomefamilieswerethosefamilieswithgrossannualincomesrangingfrom\$27,176to\$43,480. The2006HUDEstimatedmedianfamily incomefortheBirmingham,AlabamaMSAwas\$57,400. BasedontheHUDEstimatedmedianfamilyincome, low-incomefamilieswerethosefamilieswithgross annualincomesof\$28,700orless. Moderate-income familieswerethosefamilieswithgrossannualincomesrangingfrom\$28,701to\$45,920.

EmploymentStatistics

Accordingto2005REIS,thebank'sBirminghamassessmentarea'semploymentwasdependentonawidearray ofindustriesincluding,butnotlimitedto,governmentagencies,retailtrade,construction,manufacturing,health careandsocialservices.

The following table provides the unemployment rates for the Birmingham assessment area and the state of Alabama.

UNEMPLOYMENT RATES (Not Seasonally Adjusted)			
Region	2005(annualized)	2006(annualized)	September2007 (monthly)
JeffersonCounty	3.9%	3.6%	3.5%
ShelbyCounty	2.7%	2.5%	2.4%
BirminghamMSA	3.6%	3.3%	2.7%
StateofAlabama	3.9%	3.6%	3.0%

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

Competition

The Birmingham assessment area is a highly competitive banking market. According to the June 30, 2007 FDIC/OTS Summary of Deposits Report, there are 33 financial institutions operating 268 branches in the assessment area. CapitalSouthBank ranked 11th out of the 33 financial institutions in the assessment area with a deposit market share of 1.5 percent. Among the bank's competition in the area are financial institutions of all sizes, including local, statewide, multi-regional, and national banks. However, local competition does not seem to adversely affect the bank's ability to serve the credit needs of its assessment area.

Community Contacts

As a part of the CRA examination, information was obtained from two local community organizations regarding local economic conditions and community credit needs. Both contacts stated that there is a need for financial education within the assessment area. One contact referenced a specific need for educating the Hispanic community, with the large number of Spanish speaking individuals within the area. Both stated that there are still ample opportunities for banks to provide loans and financial education to both individuals and businesses.

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

Thefollowingtables showselecteddemographicand lendingdatafortheBirminghamAssessmentAreabas ed on2000censusdata. Certaincomponentsofthedata inthetablearediscussedinthisevaluationas theyapply toparticularpartsoftheanalysis.

AssessmentAreaDemographics

AssessmentArea:BirminghamAL

IncomeCategories	Tract Distribution		Familiesby TractIncome		Families<Poverty Levelas%of FamiliesbyTract		FamiliesbyFamily Income	
	#	%	#	%	#	%	#	%
Low-income	16	9.6	12,468	6.2	5,203	41.7	41,841	20.7
Moderate-income	45	27.1	44,878	22.2	9,351	20.8	32,913	16.3
Middle-income	50	30.1	60,798	30.1	4,584	7.5	39,472	19.5
Upper-income	55	33.1	84,081	41.6	2,118	2.5	87,999	43.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	166	100.0	202,225	100.0	21,256	10.5	202,225	100.0
	HousingUnits byTract	HousingTypesbyTract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	25,276	6,654	3.3	26.3	14,136	55.9	4,486	17.7
Moderate-income	78,237	40,337	20.0	51.6	29,049	37.1	8,851	11.3
Middle-income	97,396	63,706	31.5	65.4	26,624	27.3	7,066	7.3
Upper-income	123,048	91,347	45.2	74.2	25,185	20.5	6,516	5.3
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
TotalAssessmentArea	323,957	202,044	100.0	62.4	94,994	29.3	26,919	8.3
	TotalBusinessesby Tract	BusinessesbyTract&RevenueSize						
		LessThanor=\$1 Million		Over\$1 Million		RevenueNot Reported		
		#	%	#	%	#	%	
Low-income	4,060	13.4	3,291	12.6	650	19.6	119	12.9
Moderate-income	4,978	16.4	4,336	16.6	485	14.6	157	17.0
Middle-income	7,856	25.9	6,858	26.3	755	22.8	243	26.3
Upper-income	13,440	44.3	11,614	44.5	1,422	42.9	404	43.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	30,334	100.0	26,099	100.0	3,312	100.0	923	100.0
	PercentageofTotalBusinesses:			86.0		10.9		3.0

Basedon2000CensusInformation.

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

LoanDistributionTable

AssessmentArea:BirminghamAL

IncomeCategories	HMDA							
	ByTractIncome				ByBorrowerIncome			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HomePurchase								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	14.3%	64	4.5%	1	14.3%	150	10.5%
Middle	2	28.6%	385	27.1%	0	0.0%	0	0.0%
Upper	4	57.1%	973	68.4%	2	28.6%	364	25.6%
Unknown	0	0.0%	0	0.0%	4	57.1%	908	63.9%
Total	7	100.0%	1,422	100.0%	7	100.0%	1,422	100.0%
Refinance								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	11.8%	89	2.3%	0	0.0%	0	0.0%
Middle	4	23.5%	453	11.7%	4	23.5%	232	6.0%
Upper	11	64.7%	3,341	86.0%	6	35.3%	1,617	41.6%
Unknown	0	0.0%	0	0.0%	7	41.2%	2,034	52.4%
Total	17	100.0%	3,883	100.0%	17	100.0%	3,883	100.0%
HomeImprovement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	50.0%	48	75.0%	0	0.0%	0	0.0%
Middle	1	50.0%	16	25.0%	1	50.0%	16	25.0%
Upper	0	0.0%	0	0.0%	1	50.0%	48	75.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	2	100.0%	64	100.0%	2	100.0%	64	100.0%
Multi-Family								
Low	1	5.6%	1,109	7.7%	0	0.0%	0	0.0%
Moderate	12	66.7%	8,220	56.9%	0	0.0%	0	0.0%
Middle	5	27.8%	5,118	35.4%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	18	100.0%	14,447	100.0%
Total	18	100.0%	14,447	100.0%	18	100.0%	14,447	100.0%
HMDATotals								
Low	1	2.3%	1,109	5.6%	0	0.0%	0	0.0%
Moderate	16	36.4%	8,421	42.5%	1	2.3%	150	0.8%
Middle	12	27.3%	5,972	30.1%	5	11.4%	248	1.3%
Upper	15	34.1%	4,314	21.8%	9	20.5%	2,029	10.2%
Unknown	0	0.0%	0	0.0%	29	65.9%	17,389	87.8%
Total	44	100.0%	19,816	100.0%	44	100.0%	19,816	100.0%
COMMERCIAL								
	#	%	\$(000s)	%				
ByTractIncome								
Low	20	22.7%	5,545	37.4%				
Moderate	12	13.6%	2,773	18.7%				
Middle	11	12.5%	1,501	10.1%				
Upper	45	51.1%	5,001	33.7%				
Unknown	0	0.0%	0	0.0%				
Total	88	100.0%	14,819	100.0%				
ByRevenue								
\$1MillionorLess	59	67.0%	8,631	58.2%				
Over\$1Million	29	33.0%	6,187	41.8%				
NotKnown	0	0.0%	0	0.0%				
Total	88	100.0%	14,818	100.0%				
ByLoanSize								
\$100,000orless	49	55.7%	2,267	15.3%				
\$100,001-\$250,000	16	18.2%	2,254	15.2%				
\$250,001-\$1Million	22	25.0%	8,999	60.7%				
Over\$1Million	1	1.1%	1,299	8.8%				
Total	88	100.0%	14,819	100.0%				

OriginationsandPurchases

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

LENDING TEST

Overview

For this analysis, HMDA and commercial loans made from January 1, 2005 through December 31, 2006 were reviewed. As noted earlier, commercial lending was given more weight than HMDA lending in determining the bank's lending test rating because it is the predominant loan product. The dollar total reflected for commercial loans is less than for HMDA loans because it reflects a sample.

Geographic Distribution

For this analysis, the geographic distribution of HMDA lending and commercial lending was compared with available demographic information. Performance context issues were also considered, including the performance of other lenders.

HMDA lending in low-income tracts at 2.3 percent is less than the percentage of owner-occupied units in these tracts at 3.3 percent. However, HMDA lending in moderate-income tracts at 36.4 percent is significantly greater than the percentage of owner-occupied units in these tracts at 20.0 percent. The bank also originated 13 multifamily loans in low- and moderate-income tracts. According to the 2005 aggregate comparison loan distribution table in Appendix D, the bank's 2005 HMDA lending in low-income tracts at 5.3 percent is greater than the aggregate performance at 1.8 percent. In addition, the bank's HMDA lending in moderate-income tracts at 57.9 percent is significantly greater than the aggregate at 13.7 percent. According to the 2006 aggregate comparison loan distribution table in Appendix D, the bank had no HMDA lending in low-income tracts in 2006 while the aggregate performance was 2.0 percent. However, the bank's HMDA lending in moderate-income tracts at 20.0 percent is greater than the aggregate at 13.9 percent.

Of the 88 commercial loans sampled that were originated to businesses in the bank's assessment area, 22.7 percent were extended to businesses in low-income census tracts, which is greater than the percentage of small businesses in these tracts at 12.6 percent. However, 13.6 percent of the bank's commercial loans were extended to businesses in moderate-income tracts, which is less than the percentage of small businesses in these tracts at 16.6 percent. These numbers indicate the bank's willingness to extend loans to businesses located in low- and moderate-income census tracts.

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

Basedondemographicfactors,competition,andaggr
regardtothegeographicdistributionofHMDAandc
throughouttheassessmentarea.

egatelendingdata,CapitalSouthBank'sperformance with
ommerciallendingreflectsa **REASONABLE**dispersion

DistributionbyBorrowerProfile

Forthisanalysis,the distributionofHMDA lending
acrossbusinessrevenuesizeswascomparedwithava
thebankdidnotcollectincomeon29loans(65.9p
withoutincomewereoriginationsofmultifamilyloa
contextissueswerealsoconsidered,includingthe

acrossborrowerincomelevelsandcommerciallendi ng
ilabledemographicinformation.Ofthe44HMDAloa ns,
percent). Eighteenoutofthese29loans(62.1perc ent)
nswhereincomeinformationisnotcollected.Perf ormance
performanceofotherbanks.

Ofthe44HMDAloansoriginatedintheassessmenta
loans,nonewereoriginatedtolow-incomeborrowers
assessmentareawas20.7percent.Ofthe15loans,
whichissignificantlylessthanthepercentageof
aggregatecomparisonloandistributiontableinApp
lendingtolow-incomeborrowersin2005,whilethe
HMDA lendingtomoderate-incomeborrowersat5.3pe
performanceat16.9percent.The2006aggregateco
CapitalSouthBankhadnoHMDA lendingtolow-income
was6.8percent.Also,thebankhadnoHMDA lendin
performancewas17.5percent.

rea,15hadincomeinformation(34.1percent).Of the15
e
e
rowers,
moderate-incomefamiliesat16.3percent.The2005
endixDshowsthatCapitalSouthBankhadnoHMDA
aggregateperformancewas7.3percent.Also,theb ank's
aggregateperformancewas7.3percent.Also,theb ank's
percentissignificantlylessthantheaggregate
comparisonloandistributiontableinAppendixDshow sthat
borrowersin2006,whiletheaggregateperformance
g tomoderate-incomeborrowers,whiletheaggregate

Itisimportanttoconsiderperformancecontextinf
performancedescribedbelowisconsistentwiththe
lender,andmitigatesthelowlendinglevelsdescri
incomewasnotavailableweremultifamilyloans.T
low- andmoderate-incomefamilies,assumingthaton
calculatingtheupperlimitoflow- andmoderate-in
medianfamilyincome,respectively.One-thirdof8

ormationwithregardtothisparticularanalysis. Thelending
bank'sstrategyasacommerciallenderratherthan aHMDA
bedinthepreviousparagraph.18ofthe29loans where
herentsonthesemultifamilypropertiesareafford ablefor
one-thirdoffamilyincomeisavailableforrent,and
comeat50percentand80percentoftheHUDadjust ed
0percentofthe2005HUDadjustedmedianfamilyin come

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

is \$14,493 or \$1,208 per month. Therefore, \$1,208 would be the maximum affordable rent for a moderate income family. One-third of 80 percent of the 2006 HUD adjusted median family income is \$15,307 or \$1,276 per month. Therefore, \$1,276 would be the maximum affordable rent for a moderate-income family. The bank indicates that these multifamily properties have a monthly rental range of \$325 to \$695. The \$325 to \$695 rental range would be affordable for moderate-income families, as well as for low-income families whose maximum rent capacity is \$755 in 2005 and \$797 in 2006. Therefore, in addition to the 1-4 family HMDA lending reflected in the table, the bank financed properties containing approximately 533 units that are affordable to low-and moderate-income families.

Of the 88 commercial loans in the sample originated to businesses located within the bank's assessment area, 67.0 percent were originated to businesses with reported gross annual revenues of \$1 million or less. This is less than the percentage of businesses in the assessment area with gross annual revenues of \$1 million or less at 86.0 percent. In addition, the bank originated a majority (73.8 percent) of its commercial loans for amounts of \$250,000 or less. Also, 55.7 percent of the commercial loans were originated in amounts of \$100,000 or less, which indicates a willingness to lend to small businesses.

Based on demographic data, competition, aggregate lending data, and in particular, the bank's record of affordable multi-family lending. CapitalSouth Bank's lending performance reflects a **REASONABLE** penetration among customers of different income levels and businesses of various revenue sizes.

COMMUNITY DEVELOPMENT TEST

CapitalSouth Bank's community development performance demonstrates **ADEQUATE** responsiveness to the community development needs of the assessment area through community development loans, qualified investments and contributions, and community development services, considering the institution's capacity and the need and availability of such opportunities for community development in the assessment area. Opportunities exist in the assessment area to participate in community development activities; however, many financial institutions, including several multi-billion dollar banks, are competing for these CRA-qualified loans, investments and services.

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

CapitalSouth Bank originated 37 community development loans totaling \$35.5 million. Most of these loans were for the purpose of providing affordable housing for low- and moderate-income families. In addition, two loans totaling \$6.9 million were for the purpose of revitalizing and stabilizing low- and moderate-income geographies. Specifically, these loans were part of Operation New Birmingham's redevelopment initiative to revitalize vacant loft space into residential condominiums located in a low-income census tract.

Qualified investments for the review period totaled \$12,920. The following table depicts the bank's qualified investments for the review period, which consisted entirely of donations.

CAPITALSOUTHBANK COMMUNITYDEVELOPMENTDONATIONS	
NAME	AMOUNT
Birmingham,AlabamaAssessmentArea	
PelhamMunicipalBond	\$210,000
BoysandGirlsClubofCentralAlabama	\$4,200
JuniorAchievement	\$100
SalvationArmy	\$3,770
UnitedWay	\$4,100
YWCACentralAlabama	\$750
Total:Birmingham,AlabamaAssessmentArea	\$222,920

CapitalSouth Bank opened its first bilingual branch during the review period, which is located in Birmingham, Alabama. As noted on page 14, the Hispanic population has increased significantly in the bank's assessment area. Currently, two of the four branches in the Birmingham assessment area have bilingual staff and will provide disclosures in Spanish to assist Hispanic customers if requested.

CAPITALSOUTHBANK-DISTRIBUTIONOFBRANCHESANDATM'S BIRMINGHAMASSESSMENTAREA						
TRACT INCOMELEVEL	NUMBEROF BRANCHES	PERCENTAGE OFBRANCHES	NUMBER OF ATM'S	PERCENTAGE OFATM'S	PERCENTAGE OFTOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	0	0.0%	0	0.0%	6.2%	13.4%
Moderate-Income	1	25.0%	1	25.0%	22.2%	16.4%
Middle-Income	1	25.0%	1	25.0%	30.1%	25.9%
Upper-Income	2	50.0%	2	50.0%	41.6%	44.3%
<i>Total</i>	<i>4</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

METROPOLITANAREA:BIRMINGHAMASSESSMENTAREA(Cont inued)

As shown in the above table, the bank's branch distribution is consistent with the demographic profile of the tract categories with the exception of the low income category. However, the branch in the middle-income tract and one of the branches in an upper-income tract are adjacent to low- or moderate-income tracts.

Bank management and staff have also participated in several CRA-related community development services in the assessment area. A description of these services can be found in the "Institution" section of this evaluation.

METROPOLITANAREA–LIMITEDREVIEW

The following assessment areas of CapitalSouth Bank were not reviewed using full-scope examination procedures; however, through the use of available facts and data, including performance and demographic information, conclusions regarding performance, which did not impact the overall rating, are provided. Please refer to the tables in Appendix C for demographic and lending information regarding this area.

The following table compares the bank's overall statewide performance to the assessment areas.

Assessment Areas	Lending Test	Community Development Test
Huntsville, Alabama	Consistent	Consistent
Montgomery, Alabama	Consistent	Consistent

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSESSMENTAREA

CRATINGFORFLORIDA:Satisfactory.

TheLendingTestisrated:Satisfactory.

TheCommunityDevelopmentTestisrated:Satisfactory.

SCOPEOFEXAMINATION

CapitalSouthBank's performance in Florida was evaluated using a full-scope examination of the Jacksonville assessment area, which is made up of Duval County, in the Jacksonville MSA. Of total lending reviewed during this examination, 2.9 percent of the HMDA loans and 10.8 percent of the commercial loans were originated in the Jacksonville assessment area. In addition, 1.2 percent of the bank's total deposits were in the Jacksonville assessment area as of June 30, 2007. The bank's branch offices in Florida are all located in Jacksonville, Florida. As a result, separate evaluations for the State of Florida and the Jacksonville assessment area were not necessary and consequently were not performed.

DESCRIPTIONOFINSTITUTION'SOPERATIONSINTHEJACKSONVILLE,FLORIDAMSA

Overview

For this analysis, HMDA and commercial loans made from January 1, 2005 through December 31, 2006 were reviewed. CapitalSouth Bank operates three branches and four ATMs in the Florida assessment area. However, two branches and two ATMs were part of the Monticello Bank acquisition which occurred in September, 2007. Therefore, only one branch and two ATMs were in operation and are reflected in the ending analysis. This branch opened in July 2005.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

Demographic Data by Census Tracts

For all loans originated during the review period, 2000 census demographic data was used to define the bank's assessment area. The assessment area contains 150 census tracts. Eleven are low-income tracts, 44 are moderate-income tracts, 69 are middle-income tracts, and 26 are upper-income tracts.

Population Information

According to the 2000 census, the population of the Jacksonville assessment area was 778,879 persons, which represents approximately 4.9 percent of the state of Florida's total population of 15,982,378 persons.

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSES SMENTAREA(Continued)

Between the 2000 census and population estimates as of July 1, 2006, the population of the bank's Jacksonville assessment area increased by 59,085 persons, or 7.6 percent.

Housing Characteristics

2000 census data indicates that the median value of housing units in the assessment area was \$86,149, which is 7.6 percent lower than the median housing value for the state of Florida at \$93,200. The median age of housing in the assessment area is 26 years, which is the higher than the median age of the housing stock for the state of Florida at 20 years.

HUD Estimated Median Family Incomes for 2005 and 2006

The 2005 HUD estimated median family income for the Jacksonville, Florida MSA, which includes the Jacksonville assessment area, was \$57,700. Based on the HUD estimated median family income, low-income families were those families with gross annual incomes of \$28,850 or less. Moderate-income families were families with gross annual incomes ranging from \$28,851 to \$46,160. The 2006 HUD estimated median family income for the Jacksonville, Florida MSA was \$60,300. Based on the HUD estimated median family income, low-income families were those families with gross annual incomes of \$30,150 or less. Moderate-income families were families with gross annual incomes ranging from \$30,151 to \$48,240.

Employment Statistics

According to 2005 REIS, the bank's Jacksonville assessment area's employment was dependent on wide array of industries including, but not limited to, government agencies, retail trade, and health care and social services.

The following table provides the unemployment rates for the Jacksonville assessment area and the state of Florida.

UNEMPLOYMENT RATES (Not Seasonally Adjusted)			
Region	2005 (annualized)	2006 (annualized)	September 2007 (monthly)
Duval	4.0%	3.5%	4.1%
Jacksonville MSA	3.8%	3.3%	3.9%
State of Florida	3.8%	3.3%	4.3%

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSESSMENTAREA(Continued)

Competition

The Jacksonville assessment area is a highly competitive banking market due to the large number of banks in this market. According to the June 30, 2007 FDIC/OTS Summary of Deposits Report, there are 29 financial institutions operating 193 branches in the assessment area. CapitalSouth Bank ranked 26th out of the 29 financial institutions in the assessment area with a deposit market share of 0.02 percent. CapitalSouth Bank had only one branch in the assessment area. Among the bank's competition in the area are financial institutions of all sizes, including local, statewide, multi-regional, and national banks. However, local competition does not seem to adversely affect the bank's ability to serve the credit needs of its assessment area.

Community Contact

As a part of the CRA examination, information was obtained from one local community organization regarding local economic conditions and community credit needs. The contact stated that there is still a need for multifamily housing revitalization, specifically in the Springfield Historical District. The contact stated that there are still ample opportunities for banks to provide loans toward revitalization since the area has been designated an Empowerment Zone.

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSES SMENTAREA(Continued)

The following tables show demographic and lending data for the Jacksonville assessment area based on the 2000 census data. Certain components of the data in the table are discussed in this evaluation as they apply to particular parts of the analysis.

AssessmentAreaDemographics
 AssessmentArea:JacksonvilleFL

IncomeCategories	Tract Distribution		Familiesby TractIncome		Families<Poverty Levelas%of FamiliesbyTract		FamiliesbyFamily Income	
	#	%	#	%	#	%	#	%
Low-income	11	7.3	8,098	4.0	2,875	35.5	43,014	21.2
Moderate-income	44	29.3	47,971	23.6	7,433	15.5	38,555	19.0
Middle-income	69	46.0	99,490	49.0	7,137	7.2	47,259	23.3
Upper-income	26	17.3	47,668	23.5	1,196	2.5	74,399	36.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	150	100.0	203,227	100.0	18,641	9.2	203,227	100.0
	HousingUnits byTract	HousingTypesbyTract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	15,754	5,794	3.0	36.8	7,576	48.1	2,384	15.1
Moderate-income	83,963	39,947	20.8	47.6	34,969	41.6	9,047	10.8
Middle-income	160,310	95,292	49.7	59.4	53,979	33.7	11,039	6.9
Upper-income	69,751	50,689	26.4	72.7	15,501	22.2	3,561	5.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
TotalAssessmentArea	329,778	191,722	100.0	58.1	112,025	34.0	26,031	7.9
	TotalBusinessesby Tract	BusinessesbyTract&RevenueSize						
		LessThanor=\$1 Million		Over\$1 Million		RevenueNot Reported		
		#	%	#	%	#	%	
Low-income	2,007	6.5	1,618	6.1	294	9.5	95	9.9
Moderate-income	8,924	29.1	7,597	28.5	1,072	34.7	255	26.6
Middle-income	13,043	42.5	11,515	43.3	1,131	36.6	397	41.5
Upper-income	6,694	21.8	5,892	22.1	592	19.2	210	21.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	30,668	100.0	26,622	100.0	3,089	100.0	957	100.0
	PercentageofTotalBusinesses:			86.8		10.1		3.1

Basedon2000CensusInformation.

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSES SMENTAREA(Continued)

LoanDistributionTable

AssessmentArea:JacksonvilleFL

IncomeCategories	HMDA							
	ByTractIncome				ByBorrowerIncome			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HomePurchase								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	237	100.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	237	100.0%
Total	1	100.0%	237	100.0%	1	100.0%	237	100.0%
Refinance								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
HomeImprovement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Multi-Family								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	100.0%	600	100.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	1	100.0%	600	100.0%
Total	1	100.0%	600	100.0%	1	100.0%	600	100.0%
HMDATotals								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	50.0%	600	71.7%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	50.0%	237	28.3%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	2	100.0%	837	100.0%
Total	2	100.0%	837	100.0%	2	100.0%	837	100.0%
COMMERCIAL								
	#	%	\$(000s)		%			
ByTractIncome								
Low	2	13.3%	472		4.2%			
Moderate	3	20.0%	592		5.3%			
Middle	3	20.0%	1,340		12.0%			
Upper	7	46.7%	8,786		78.5%			
Unknown	0	0.0%	0		0.0%			
Total	15	100.0%	11,190		100.0%			
ByRevenue								
\$1MillionorLess	8	53.3%	3,374		30.2%			
Over\$1Million	6	40.0%	5,315		47.5%			
NotKnown	1	6.7%	2,500		22.3%			
Total	15	100.0%	11,189		100.0%			
ByLoanSize								
\$100,000orless	1	6.7%	25		0.2%			
\$100,001-\$250,000	6	40.0%	1,213		10.8%			
\$250,001-\$1Million	5	33.3%	2,837		25.4%			
Over\$1Million	3	20.0%	7,115		63.6%			
Total	15	100.0%	11,190		100.0%			

OriginationsandPurchases

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSES SMENTAREA(Continued)

CONCLUSIONSWITHRESPECTTOPERFORMANCETESTS

LENDINGTEST

Overview

Forthisanalysis,HMDAandcommercialloansmadefromJanuary1,2005throughDecember31,2006werereviewed.CapitalSouthBank'sprimaryloanproductintheJacksonvilleassessmentareaiscommercialloans.Therefore,commerciallendingwasgivengreaterweightthanHMDAinperformingthelendingtestforthisassessmentarea.

GeographicDistribution

Forthisanalysis,thegeographicdistributionofHMDAlendingandcommerciallendingwascomparedwithavailabledemographicinformation.Performancecontextissueswerealsoconsidered,includingthepformanceofotherlenders.

ThebankoriginatedonlytwoHMDAloansintheassessmentarea.ThebankhadnoHMDAlendinginlow-incometractswhilethepercentageofowner-occupiedunitsinthesetractsis3.0percent.However,oneofthetwoHMDAloans(50percent)wasinamoderate-incometract,whichisgreaterthanthepercentageofowner-occupiedunitsinthesetractsat20.8percent.ThebankmadenoHMDAloansin2005.Accordingtothe2005aggregatecomparisonloandistributiontableforthJacksonvilleassessmentareainAppendixD,theaggregateHMDAlendinginlow-incomecensustracts2.1percentand19.0percentinmoderate-incometracts.Accordingtothe2006aggregatecomparisonloandistributiontableinAppendixD,thebankhadnoHMDAlendinginlow-incometractsin2006whiletheaggregateperformancewas2.0percent.However,thebank'sHMDAlendinginmoderate-incometractsat50.0isignificantlygreaterthantheaggregateat19.9percent.

Ofthe15commercialloanssampledthatwereoriginatedtobusinessesinthebank'sassessmentarea,13.3percentwereextendedtobusinessesinlow-incomecensustracts,whichisgreaterthanthepercentageofsmallbusinessesinthesetractsat6.1percent.However,20.0percentofthebank'scommercialloanswereextendedtobusinessesinmoderate-incometracts,whichislessthanthepercentageofsmallbusinessesinthesetractsat28.5percent.Thesenumbersindicatethebank'swillingnesstoextendloans tobusinesseslocatedinlow-andmoderate-incomecensustracts.

STATE/METROPOLITAN AREA: FLORIDA/JACKSONVILLE ASSESMENT AREA (Continued)

Based on demographic factors, competition, and aggregate lending data, Capital South Bank's performance with regard to the geographic distribution of HMDA and commercial lending reflects a **REASONABLE** dispersion throughout the assessment area.

egate lending data, Capital South Bank's performance with commercial lending reflects a **REASONABLE** dispersion

Distribution by Borrower Profile

For this analysis, the distribution of HMDA lending across business revenue sizes was compared with a available demographic information. The bank did not collect income on either of its two HMDA loans. One of these two loans (50.0 percent) without income was a multifamily loan where income information is not collected. Performance context issues were also considered, such as the bank opening its branch in July 2005 and being primarily a commercial lender. The performance of other banks was also considered.

across borrower income levels and commercial lending available demographic information. The bank did not collect income on either of its two HMDA loans (50.0 percent) without income was a multifamily loan where income information is not collected. Performance context issues were also considered, and being primarily a commercial lender. The performance of

Of the 2 HMDA loans originated in the assessment area, neither had income information. The percentage of low-income families in the assessment area is 21.2 percent. According to the 2005 aggregate comparison loan distribution table for the Jacksonville assessment area in Appendix D, the aggregate HMDA lending to low-income borrowers was 5.4 percent and 18.8 percent to moderate-income borrowers. According to the 2006 aggregate comparison loan distribution table for the Jacksonville assessment area in Appendix D, the aggregate HMDA lending to low-income borrowers was 5.5 percent and 17.5 percent to moderate-income borrowers.

ea, neither had income information. The percentage of low-income families in the assessment area is 21.2 percent and the percent of moderate-income families is 19.0 percent. According to the 2005 aggregate comparison loan distribution table for the Jacksonville assessment area in Appendix D, the aggregate HMDA lending to low-income borrowers was 5.4 percent and 18.8 percent to moderate-income borrowers. According to the 2006 aggregate comparison loan distribution table for the Jacksonville assessment area in Appendix D, the aggregate HMDA lending to low-income borrowers was 5.5 percent and 17.5 percent to moderate-income borrowers.

In addition, one of the two loans where income was not available was a multifamily loan. The rents on these multifamily properties are affordable for low- and moderate-income families, assuming that one-third of family income is available for rent, and calculating the upper limit of low- and moderate-income at 50 percent and 80 percent of the HUD adjusted median family income, respectively. One-third of 80 percent of the 2005 HUD adjusted median family income is \$15,387 or \$1,282 per month. Therefore, \$1,282 would be the maximum affordable rent for a moderate-income family. One-third of 80 percent of the 2006 HUD adjusted median family income is \$16,080 or \$1,340 per month. Therefore, \$1,340 would be the maximum affordable rent for a moderate-income family. The bank indicates that these multifamily properties have a monthly rental range of \$525 to \$800. The \$525 to \$800 rental range would be affordable for moderate-income families, as well as for low-income families whose maximum rent capacity was \$801 in 2005 and \$838 in 2006. These properties contain 16 units that are affordable to low- and moderate-income families.

not available was a multifamily loan. The rents on these multifamily properties are affordable for low- and moderate-income families, assuming that one-third of family income is available for rent, and calculating the upper limit of low- and moderate-income at 50 percent and 80 percent of the HUD adjusted median family income, respectively. One-third of 80 percent of the 2005 HUD adjusted median family income is \$15,387 or \$1,282 per month. Therefore, \$1,282 would be the maximum affordable rent for a moderate-income family. One-third of 80 percent of the 2006 HUD adjusted median family income is \$16,080 or \$1,340 per month. Therefore, \$1,340 would be the maximum affordable rent for a moderate-income family. The bank indicates that these multifamily properties have a monthly rental range of \$525 to \$800. The \$525 to \$800 rental range would be affordable for moderate-income families, as well as for low-income families whose maximum rent capacity was \$801 in 2005 and \$838 in 2006. These properties contain 16 units that are affordable to low- and moderate-income families.

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSES SMENTAREA(Continued)

Of the 15 commercial loans in the sample originated to businesses located within the bank's assessment area, 53.3 percent were originated to businesses with reported gross annual revenues of \$1 million or less. This is less than the percentage of businesses in the assessment area with gross annual revenues of \$1 million or less at 86.8 percent. However, 46.7 percent of these loans were in amounts of \$250,000 or less, indicating the bank's willingness to lend to small businesses.

Based on demographic data, competition, and the performance context associated with the bank's multi-family loans, CapitalSouth Bank's lending performance reflects a **REASONABLE** penetration among customers of different income levels and businesses of various revenues sizes.

COMMUNITYDEVELOPMENTTEST

CapitalSouth Bank's community development performance in the Jacksonville assessment area demonstrates **ADEQUATE** responsiveness to the community development needs of its assessment area through community development lending, 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 assessment area.

The bank made one community development loan totaling \$600,000 in the Jacksonville assessment area. This multifamily loan was located in a moderate-income census tract and provided 16 affordable housing units. In addition, this loan was for a property located in an Empowerment Zone, which is defined as a federal government program that encourages comprehensive planning and investment aimed at the economic, physical and social development of the neediest urban and rural areas in the United States. This program is administered by the Department of Housing and Urban Development (HUD). The bank did not participate in any community development investments during the review period. Bank staff has participated in some CRA-related community development services in the assessment area. A description of these services can be found in the "Institution" section of this evaluation.

STATE/METROPOLITANAREA:FLORIDA/JACKSONVILLEASSESMENTAREA(Continued)

CAPITALSOUTHBANK-DISTRIBUTIONOFBRANCHESANDATM'S JACKSONVILLEASSESSMENTAREA						
TRACT INCOME LEVEL	NUMBER OF BRANCHES	PERCENTAGE OFBRANCHES	NUMBER OF ATM'S	PERCENTAGE OFATM'S	PERCENTAGE OFTOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	0	0.0%	0	0.0%	4.0%	6.5%
Moderate-	0	0.0%	1	25.0%	23.6%	29.1%
Middle-Income	1	33.3%	1	25.0%	49.0%	42.5%
Upper-Income	2	66.7%	2	50.0%	23.5%	21.8%
<i>Total</i>	<i>3</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

As shown in the table above, the bank's branch distribution is somewhat skewed toward upper-income census tracts. However, of the bank's three branches, two are located in close proximity to low-or moderate-income census tracts. Additionally, the bank maintains an ATM in a moderate-income tract.

APPENDIXA–SCOPEOFEXAMINATION

The examination included a review of all HMDA-reportable lending, commercial lending, and community development lending, as well as qualified investments and services for CapitalSouth Bank from October 20, 2003 through January 14, 2008 for all four of its assessment areas.

TIMEPERIODREVIEWED			
October20,2003–January14,2008			
FINANCIALINSTITUTION		PRODUCTSREVIEWED	
CapitalSouthBank,Birmingham,Alabama		HMDA Loans, Commercial Loans, and CommunityDevelopmentLoans	
AFFILIATE(S)	AFFILIATERELATIONSHIP	PRODUCTSREVIEWED	
CapitalSouthBancorp	BankHoldingCompany	None	
LISTOFASSESSMENTAREASANDTYPEOFEXAMINATION			
ASSESSMENTAREA	TYPE OFEXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Birmingham,Alabama	Full-ScopeExam Procedures	BancoHispano PelhamOffice	
Huntsville,Alabama	Limited-ScopeExam Procedures		
Jacksonville,Florida	Full-ScopeExam Procedures		
Montgomery,Alabama	Limited-ScopeExam Procedures		

APPENDIXB

SUMMARYOFSTATEANDMULTISTATEMETROPOLITANASSESSMENTAREAS

StateAreaName	LendingTestRating	Community DevelopmentTest Rating	OverallStateRating
Alabama	Satisfactory	Satisfactory	Satisfactory
Florida	Satisfactory	Satisfactory	Satisfactory

APPENDIXC-DEMOGRAPHIC/LOANDISTRIBUTIONTABLES- LIMITEDREVIEWAREAS

AssessmentAreaDemographics

AssessmentArea:HuntsvilleAL

IncomeCategories	Tract Distribution		Familiesby TractIncome		Families<Poverty Levelas%of FamiliesbyTract		FamiliesbyFamily Income	
	#	%	#	%	#	%	#	%
Low-income	6	12.5	2,903	7.1	1,309	45.1	9,578	23.5
Moderate-income	15	31.3	12,903	31.7	1,980	15.3	7,133	17.5
Middle-income	15	31.3	14,120	34.7	667	4.7	8,310	20.4
Upper-income	12	25.0	10,814	26.5	233	2.2	15,719	38.6
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	48	100.0	40,740	100.0	4,189	10.3	40,740	100.0
	HousingUnits byTract	HousingTypesbyTract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	6,314	1,147	2.9	18.2	4,037	63.9	1,130	17.9
Moderate-income	26,613	11,153	27.8	41.9	12,127	45.6	3,333	12.5
Middle-income	22,746	15,642	38.9	68.8	5,625	24.7	1,479	6.5
Upper-income	15,887	12,233	30.4	77.0	2,832	17.8	822	5.2
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
TotalAssessmentArea	71,560	40,175	100.0	56.1	24,621	34.4	6,764	9.5
	TotalBusinessesby Tract	BusinessesbyTract&RevenueSize						
		LessThanor=\$1 Million		Over\$1 Million		RevenueNot Reported		
		#	%	#	%	#	%	
Low-income	1,480	19.7	1,247	19.1	206	26.0	27	14.4
Moderate-income	1,868	24.9	1,633	25.0	177	22.4	58	31.0
Middle-income	2,197	29.2	1,895	29.0	241	30.5	61	32.6
Upper-income	1,969	26.2	1,761	26.9	167	21.1	41	21.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	7,514	100.0	6,536	100.0	791	100.0	187	100.0
	PercentageofTotalBusinesses:			87.0		10.5		2.5

Basedon2000CensusInformation.

APPENDIXC–DEMOGRAPHIC/LOANDISTRIBUTIONTABLES– LIMITEDREVIEWAREAS

LoanDistributionTable

AssessmentArea:HuntsvilleAL

IncomeCategories	HMDA							
	ByTractIncome				ByBorrowerIncome			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HomePurchase								
Low	1	11.1%	56	10.8%	0	0.0%	0	0.0%
Moderate	3	33.3%	143	27.6%	1	11.1%	51	9.8%
Middle	4	44.4%	247	47.6%	0	0.0%	0	0.0%
Upper	1	11.1%	73	14.1%	3	33.3%	166	32.0%
Unknown	0	0.0%	0	0.0%	5	55.6%	302	58.2%
Total	9	100.0%	519	100.0%	9	100.0%	519	100.0%
Refinance								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	50.0%	46	27.2%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	50.0%	123	72.8%	1	50.0%	123	72.8%
Unknown	0	0.0%	0	0.0%	1	50.0%	46	27.2%
Total	2	100.0%	169	100.0%	2	100.0%	169	100.0%
HomeImprovement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Multi-Family								
Low	1	50.0%	500	83.3%	0	0.0%	0	0.0%
Moderate	1	50.0%	100	16.7%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	2	100.0%	600	100.0%
Total	2	100.0%	600	100.0%	2	100.0%	600	100.0%
HMDATotals								
Low	2	15.4%	556	43.2%	0	0.0%	0	0.0%
Moderate	5	38.5%	289	22.4%	1	7.7%	51	4.0%
Middle	4	30.8%	247	19.2%	0	0.0%	0	0.0%
Upper	2	15.4%	196	15.2%	4	30.8%	289	22.4%
Unknown	0	0.0%	0	0.0%	8	61.5%	948	73.6%
Total	13	100.0%	1,288	100.0%	13	100.0%	1,288	100.0%
COMMERCIAL								
	#	%	\$(000s)	%				
ByTractIncome								
Low	5	23.8%	1,471	21.5%				
Moderate	6	28.6%	2,912	42.6%				
Middle	0	0.0%	0	0.0%				
Upper	10	47.6%	2,447	35.8%				
Unknown	0	0.0%	0	0.0%				
Total	21	100.0%	6,830	100.0%				
ByRevenue								
\$1MillionorLess	12	57.1%	726	10.6%				
Over\$1Million	9	42.9%	6,101	89.4%				
NotKnown	0	0.0%	0	0.0%				
Total	21	100.0%	6,827	100.0%				
ByLoanSize								
\$100,000orless	11	52.4%	423	6.2%				
\$100,001-\$250,000	2	9.5%	345	5.0%				
\$250,001-\$1Million	7	33.3%	4,277	62.6%				
Over\$1Million	1	4.8%	1,785	26.1%				
Total	21	100.0%	6,830	100.0%				

OriginationsandPurchases

APPENDIXC–DEMOGRAPHIC/LOANDISTRIBUTIONTABLES– LIMITEDREVIEWAREAS

AssessmentAreaDemographics

AssessmentArea:MontgomeryAL

IncomeCategories	Tract Distribution		Familiesby TractIncome		Families<Poverty Levelas%of FamiliesbyTract		FamiliesbyFamily Income	
	#	%	#	%	#	%	#	%
Low-income	8	15.1	5,210	9.0	2,305	44.2	13,219	22.8
Moderate-income	13	24.5	12,042	20.8	2,879	23.9	9,683	16.7
Middle-income	19	35.8	19,628	33.8	1,909	9.7	11,633	20.0
Upper-income	13	24.5	21,146	36.4	466	2.2	23,491	40.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	53	100.0	58,026	100.0	7,559	13.0	58,026	100.0
	HousingUnits byTract	HousingTypesbyTract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	10,955	3,076	5.5	28.1	5,553	50.7	2,326	21.2
Moderate-income	19,920	11,002	19.6	55.2	6,507	32.7	2,411	12.1
Middle-income	31,522	19,481	34.7	61.8	9,699	30.8	2,342	7.4
Upper-income	33,918	22,626	40.3	66.7	9,114	26.9	2,178	6.4
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
TotalAssessmentArea	96,315	56,185	100.0	58.3	30,873	32.1	9,257	9.6
	TotalBusinessesby Tract	BusinessesbyTract&RevenueSize						
		LessThanor=\$1 Million			Over\$1 Million		RevenueNot Reported	
		#	%	#	%	#	%	#
Low-income	1,492	17.3	1,170	15.9	196	21.8	126	35.6
Moderate-income	1,259	14.6	1,102	15.0	123	13.7	34	9.6
Middle-income	2,457	28.5	2,116	28.7	271	30.1	70	19.8
Upper-income	3,410	39.6	2,977	40.4	309	34.4	124	35.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
TotalAssessmentArea	8,618	100.0	7,365	100.0	899	100.0	354	100.0
	PercentageofTotalBusinesses:			85.5		10.4		4.1

Basedon2000CensusInformation.

APPENDIXC-DEMOGRAPHIC/LOANDISTRIBUTIONTABLES- LIMITEDREVIEWAREAS

LoanDistributionTable

AssessmentArea:MontgomeryAL

IncomeCategories	HMDA							
	ByTractIncome				ByBorrowerIncome			
	#	%	\$(000s)	%	#	%	\$(000s)	%
HomePurchase								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	50.0%	27	15.1%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	50.0%	152	84.9%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	2	100.0%	179	100.0%
Total	2	100.0%	179	100.0%	2	100.0%	179	100.0%
Refinance								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	33.3%	136	23.5%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	2	66.7%	442	76.5%	1	33.3%	290	50.2%
Unknown	0	0.0%	0	0.0%	2	66.7%	288	49.8%
Total	3	100.0%	578	100.0%	3	100.0%	578	100.0%
HomeImprovement								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Multi-Family								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	2	33.3%	564	62.3%	0	0.0%	0	0.0%
Middle	1	16.7%	38	4.2%	0	0.0%	0	0.0%
Upper	3	50.0%	304	33.6%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	6	100.0%	906	100.0%
Total	6	100.0%	906	100.0%	6	100.0%	906	100.0%
HMDATotals								
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	4	36.4%	727	43.7%	0	0.0%	0	0.0%
Middle	1	9.1%	38	2.3%	0	0.0%	0	0.0%
Upper	6	54.5%	898	54.0%	1	9.1%	290	17.4%
Unknown	0	0.0%	0	0.0%	10	90.9%	1,373	82.6%
Total	11	100.0%	1,663	100.0%	11	100.0%	1,663	100.0%
COMMERCIAL								
	#	%	\$(000s)		%			
ByTractIncome								
Low	2	13.3%	150		2.8%			
Moderate	2	13.3%	58		1.1%			
Middle	3	20.0%	1,464		27.7%			
Upper	8	53.3%	3,611		68.4%			
Unknown	0	0.0%	0		0.0%			
Total	15	100.0%	5,283		100.0%			
ByRevenue								
\$1MillionorLess	11	73.3%	2,118		40.1%			
Over\$1Million	4	26.7%	3,164		59.9%			
NotKnown	0	0.0%	0		0.0%			
Total	15	100.0%	5,282		100.0%			
ByLoanSize								
\$100,000orless	9	60.0%	427		8.1%			
\$100,001-\$250,000	1	6.7%	114		2.2%			
\$250,001-\$1Million	4	26.7%	2,242		42.4%			
Over\$1Million	1	6.7%	2,500		47.3%			
Total	15	100.0%	5,283		100.0%			

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES

2005AggregateComparisonLoanDistributionTable

AssessmentArea:BirminghamAL

IncomeCategories	HMDA									
	ByTractIncome					ByBorrowerIncome				
	#	Bank	%\$(000s)	Aggregate	%\$(000s)	#	Bank	%\$(000s)	Aggregate	%\$(000s)
	HomePurchase									
Low	0	0.0%	0.0%	1.4%	0.8%	0	0.0%	0.0%	6.8%	3.5%
Moderate	0	0.0%	0.0%	9.9%	5.0%	1	100.0%	100.0%	17.9%	11.9%
Middle	1	100.0%	100.0%	29.8%	22.9%	0	0.0%	0.0%	20.6%	17.2%
Upper	0	0.0%	0.0%	58.9%	71.3%	0	0.0%	0.0%	36.1%	50.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.6%	17.0%
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
	Refinance									
Low	0	0.0%	0.0%	2.2%	1.0%	0	0.0%	0.0%	7.5%	3.6%
Moderate	2	33.3%	35.2%	17.9%	8.6%	0	0.0%	0.0%	15.2%	9.8%
Middle	1	16.7%	11.1%	28.3%	21.6%	3	50.0%	46.2%	19.5%	15.7%
Upper	3	50.0%	53.8%	51.7%	68.9%	2	33.3%	28.9%	35.9%	50.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	16.7%	24.9%	21.8%	20.1%
Total	6	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%
	HomeImprovement									
Low	0	0.0%	0.0%	2.4%	1.6%	0	0.0%	0.0%	13.3%	6.9%
Moderate	1	100.0%	100.0%	21.6%	15.0%	0	0.0%	0.0%	22.4%	15.1%
Middle	0	0.0%	0.0%	32.1%	27.3%	0	0.0%	0.0%	25.2%	21.2%
Upper	0	0.0%	0.0%	43.8%	56.1%	1	100.0%	100.0%	34.5%	48.6%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.5%	8.1%
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
	Multi-Family									
Low	1	9.1%	14.1%	9.0%	1.6%	0	0.0%	0.0%	0.0%	0.0%
Moderate	8	72.7%	57.2%	29.5%	6.7%	0	0.0%	0.0%	0.0%	0.0%
Middle	2	18.2%	28.7%	37.2%	28.2%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	24.4%	63.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	11	100.0%	100.0%	100.0%	100.0%
Total	11	100.0%	100.0%	100.0%	100.0%	11	100.0%	100.0%	100.0%	100.0%
	HMDA Totals									
Low	1	5.3%	13.3%	1.8%	1.0%	0	0.0%	0.0%	7.3%	3.4%
Moderate	11	57.9%	55.8%	13.7%	6.6%	1	5.3%	1.8%	16.9%	10.6%
Middle	4	21.1%	29.3%	29.3%	22.6%	3	15.8%	1.4%	20.3%	16.0%
Upper	3	15.8%	1.6%	55.3%	69.8%	3	15.8%	1.5%	35.9%	48.5%
Unknown	0	0.0%	0.0%	0.0%	0.0%	12	63.2%	95.3%	19.5%	21.5%
Total	19	100.0%	100.0%	100.0%	100.0%	19	100.0%	100.0%	100.0%	100.0%

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2006AggregateComparisonLoanDistributionTable

AssessmentArea:BirminghamAL

IncomeCategories	HMDA									
	ByTractIncome					ByBorrowerIncome				
	#	Bank %	%\$(000s)	Aggregate %	%\$(000s)	#	Bank %	%\$(000s)	Aggregate %	%\$(000s)
HomePurchase										
Low	0	0.0%	0.0%	1.7%	1.1%	0	0.0%	0.0%	6.1%	3.3%
Moderate	1	16.7%	5.0%	10.7%	5.4%	0	0.0%	0.0%	18.1%	12.2%
Middle	1	16.7%	18.5%	30.1%	24.4%	0	0.0%	0.0%	20.4%	16.8%
Upper	4	66.7%	76.5%	57.5%	69.1%	2	33.3%	28.6%	37.3%	50.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	66.7%	71.4%	18.1%	16.9%
Total	6	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	2.4%	1.2%	0	0.0%	0.0%	7.3%	3.5%
Moderate	0	0.0%	0.0%	17.8%	9.0%	0	0.0%	0.0%	16.0%	10.4%
Middle	3	27.3%	11.7%	29.7%	23.4%	1	9.1%	3.2%	19.6%	15.7%
Upper	8	72.7%	88.3%	50.1%	66.5%	4	36.4%	42.5%	36.5%	50.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	54.5%	54.3%	20.6%	20.0%
Total	11	100.0%	100.0%	100.0%	100.0%	11	100.0%	100.0%	100.0%	100.0%
HomeImprovement										
Low	0	0.0%	0.0%	3.2%	2.1%	0	0.0%	0.0%	12.1%	5.7%
Moderate	0	0.0%	0.0%	20.4%	13.2%	0	0.0%	0.0%	24.7%	17.2%
Middle	1	100.0%	100.0%	34.2%	27.1%	1	100.0%	100.0%	23.8%	19.4%
Upper	0	0.0%	0.0%	42.3%	57.6%	0	0.0%	0.0%	36.2%	53.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.3%	4.7%
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%
Multi-Family										
Low	0	0.0%	0.0%	14.3%	4.1%	0	0.0%	0.0%	0.0%	0.0%
Moderate	4	57.1%	56.5%	33.8%	7.8%	0	0.0%	0.0%	0.0%	0.0%
Middle	3	42.9%	43.5%	29.9%	47.6%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	22.1%	40.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	100.0%	100.0%	100.0%	100.0%
Total	7	100.0%	100.0%	100.0%	100.0%	7	100.0%	100.0%	100.0%	100.0%
HMDATotals										
Low	0	0.0%	0.0%	2.0%	1.3%	0	0.0%	0.0%	6.8%	3.3%
Moderate	5	20.0%	32.8%	13.9%	7.0%	0	0.0%	0.0%	17.5%	11.2%
Middle	8	32.0%	30.8%	30.1%	24.9%	2	8.0%	1.1%	20.2%	15.8%
Upper	12	48.0%	36.4%	53.9%	66.8%	6	24.0%	16.6%	36.9%	48.7%
Unknown	0	0.0%	0.0%	0.0%	0.0%	17	68.0%	82.2%	18.5%	21.0%
Total	25	100.0%	100.0%	100.0%	100.0%	25	100.0%	100.0%	100.0%	100.0%

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2005AggregateComparisonLoanDistributionTable

AssessmentArea:HuntsvilleAL

IncomeCategories	HMDA										
	ByTractIncome					ByBorrowerIncome					
	#	Bank	%\$(000s)	%	Aggregate	%\$(000s)	#	Bank	%\$(000s)	%	Aggregate
	HomePurchase										
Low	0	0.0%	0.0%	1.7%	1.1%	0	0.0%	0.0%	17.4%	11.0%	
Moderate	2	50.0%	47.8%	30.8%	22.6%	0	0.0%	0.0%	21.7%	17.3%	
Middle	2	50.0%	52.2%	44.4%	42.6%	0	0.0%	0.0%	18.4%	17.6%	
Upper	0	0.0%	0.0%	23.0%	33.7%	3	75.0%	81.8%	27.2%	39.1%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	25.0%	18.2%	15.3%	15.0%	
Total	4	100.0%	100.0%	100.0%	100.0%	4	100.0%	100.0%	100.0%	100.0%	
	Refinance										
Low	0	0.0%	0.0%	1.5%	1.2%	0	0.0%	0.0%	11.3%	6.7%	
Moderate	0	0.0%	0.0%	31.1%	20.5%	0	0.0%	0.0%	17.5%	12.7%	
Middle	0	0.0%	0.0%	40.1%	35.9%	0	0.0%	0.0%	19.6%	17.3%	
Upper	0	0.0%	0.0%	27.3%	42.4%	0	0.0%	0.0%	28.8%	42.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	22.8%	21.4%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	HomeImprovement										
Low	0	0.0%	0.0%	3.0%	6.4%	0	0.0%	0.0%	12.5%	4.5%	
Moderate	0	0.0%	0.0%	28.9%	21.1%	0	0.0%	0.0%	26.2%	16.3%	
Middle	0	0.0%	0.0%	41.7%	28.0%	0	0.0%	0.0%	27.1%	18.7%	
Upper	0	0.0%	0.0%	26.5%	44.6%	0	0.0%	0.0%	29.8%	47.7%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.5%	12.8%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	Multi-Family										
Low	0	0.0%	0.0%	12.9%	5.4%	0	0.0%	0.0%	0.0%	0.0%	
Moderate	0	0.0%	0.0%	61.3%	25.4%	0	0.0%	0.0%	0.0%	0.0%	
Middle	0	0.0%	0.0%	9.7%	17.3%	0	0.0%	0.0%	0.0%	0.0%	
Upper	0	0.0%	0.0%	16.1%	51.9%	0	0.0%	0.0%	0.0%	0.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	HMDATotals										
Low	0	0.0%	0.0%	1.7%	1.5%	0	0.0%	0.0%	14.9%	8.6%	
Moderate	2	50.0%	47.8%	31.0%	22.0%	0	0.0%	0.0%	20.2%	14.5%	
Middle	2	50.0%	52.2%	42.6%	38.2%	0	0.0%	0.0%	19.2%	16.4%	
Upper	0	0.0%	0.0%	24.7%	38.3%	3	75.0%	81.8%	27.8%	37.8%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	25.0%	18.2%	17.9%	22.6%	
Total	4	100.0%	100.0%	100.0%	100.0%	4	100.0%	100.0%	100.0%	100.0%	

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2006AggregateComparisonLoanDistributionTable

AssessmentArea:HuntsvilleAL

IncomeCategories	HMDA									
	ByTractIncome					ByBorrowerIncome				
	#	Bank %	%\$(000s)	Aggregate %	Aggregate %\$(000s)	#	Bank %	%\$(000s)	Aggregate %	Aggregate %\$(000s)
HomePurchase										
Low	1	20.0%	17.7%	2.4%	1.5%	0	0.0%	0.0%	14.4%	9.3%
Moderate	1	20.0%	14.6%	30.0%	22.1%	1	20.0%	16.1%	19.3%	15.2%
Middle	2	40.0%	44.6%	44.3%	42.2%	0	0.0%	0.0%	19.8%	18.4%
Upper	1	20.0%	23.1%	23.2%	34.1%	0	0.0%	0.0%	32.4%	45.3%
Unknown	0	0.0%	0.0%	0.0%	0.0%	4	80.0%	83.9%	14.0%	11.8%
Total	5	100.0%	100.0%	100.0%	100.0%	5	100.0%	100.0%	100.0%	100.0%
Refinance										
Low	0	0.0%	0.0%	1.6%	0.8%	0	0.0%	0.0%	13.0%	8.2%
Moderate	1	50.0%	27.2%	29.7%	19.4%	0	0.0%	0.0%	19.7%	14.4%
Middle	0	0.0%	0.0%	42.1%	38.7%	0	0.0%	0.0%	18.7%	16.1%
Upper	1	50.0%	72.8%	26.6%	41.1%	1	50.0%	72.8%	31.7%	45.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	50.0%	27.2%	16.8%	15.9%
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%
HomeImprovement										
Low	0	0.0%	0.0%	2.3%	1.4%	0	0.0%	0.0%	15.6%	9.7%
Moderate	0	0.0%	0.0%	28.6%	23.7%	0	0.0%	0.0%	25.1%	18.5%
Middle	0	0.0%	0.0%	39.1%	32.2%	0	0.0%	0.0%	19.5%	15.2%
Upper	0	0.0%	0.0%	30.0%	42.7%	0	0.0%	0.0%	35.8%	49.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	4.0%	6.7%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
Multi-Family										
Low	1	50.0%	83.3%	16.7%	13.7%	0	0.0%	0.0%	0.0%	0.0%
Moderate	1	50.0%	16.7%	70.8%	23.4%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	8.3%	4.9%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	4.2%	58.0%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	100.0%	100.0%	100.0%	100.0%
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%
HMDATotals										
Low	2	22.2%	51.2%	2.2%	1.7%	0	0.0%	0.0%	14.0%	8.6%
Moderate	3	33.3%	17.7%	29.9%	21.3%	1	11.1%	4.7%	19.7%	14.5%
Middle	2	22.2%	13.0%	43.2%	39.6%	0	0.0%	0.0%	19.4%	16.9%
Upper	2	22.2%	18.1%	24.6%	37.4%	1	11.1%	11.3%	32.3%	44.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	7	77.8%	84.0%	14.7%	15.9%
Total	9	100.0%	100.0%	100.0%	100.0%	9	100.0%	100.0%	100.0%	100.0%

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2005AggregateComparisonLoanDistributionTable

AssessmentArea:JacksonvilleFL

IncomeCategories	HMDA										
	ByTractIncome					ByBorrowerIncome					
	#	Bank	%\$(000s)	%	Aggregate	%\$(000s)	#	Bank	%\$(000s)	%	Aggregate
	HomePurchase										
Low	0	0.0%	0.0%	1.9%	1.1%	0	0.0%	0.0%	4.3%	2.2%	
Moderate	0	0.0%	0.0%	19.0%	14.2%	0	0.0%	0.0%	18.2%	13.0%	
Middle	0	0.0%	0.0%	49.8%	45.4%	0	0.0%	0.0%	23.2%	20.5%	
Upper	0	0.0%	0.0%	29.3%	39.3%	0	0.0%	0.0%	36.2%	47.5%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.1%	16.8%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	Refinance										
Low	0	0.0%	0.0%	2.4%	1.2%	0	0.0%	0.0%	6.8%	4.0%	
Moderate	0	0.0%	0.0%	19.0%	13.6%	0	0.0%	0.0%	19.4%	14.5%	
Middle	0	0.0%	0.0%	49.9%	45.0%	0	0.0%	0.0%	23.6%	21.3%	
Upper	0	0.0%	0.0%	28.7%	40.2%	0	0.0%	0.0%	31.9%	41.8%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.3%	18.3%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	HomeImprovement										
Low	0	0.0%	0.0%	1.8%	1.4%	0	0.0%	0.0%	7.8%	5.1%	
Moderate	0	0.0%	0.0%	18.4%	15.3%	0	0.0%	0.0%	22.0%	17.3%	
Middle	0	0.0%	0.0%	50.6%	45.6%	0	0.0%	0.0%	27.2%	23.8%	
Upper	0	0.0%	0.0%	29.1%	37.7%	0	0.0%	0.0%	39.7%	48.6%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	3.3%	5.2%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	Multi-Family										
Low	0	0.0%	0.0%	8.5%	1.3%	0	0.0%	0.0%	0.0%	0.0%	
Moderate	0	0.0%	0.0%	35.6%	17.0%	0	0.0%	0.0%	0.0%	0.0%	
Middle	0	0.0%	0.0%	49.2%	64.2%	0	0.0%	0.0%	0.0%	0.0%	
Upper	0	0.0%	0.0%	6.8%	17.5%	0	0.0%	0.0%	0.0%	0.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	HMDATotals										
Low	0	0.0%	0.0%	2.1%	1.2%	0	0.0%	0.0%	5.4%	2.9%	
Moderate	0	0.0%	0.0%	19.0%	14.0%	0	0.0%	0.0%	18.8%	13.4%	
Middle	0	0.0%	0.0%	49.9%	45.7%	0	0.0%	0.0%	23.5%	20.4%	
Upper	0	0.0%	0.0%	29.0%	39.1%	0	0.0%	0.0%	34.7%	44.3%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	17.6%	19.0%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2006AggregateComparisonLoanDistributionTable

AssessmentArea:JacksonvilleFL

IncomeCategories	HMDA										
	ByTractIncome					ByBorrowerIncome					
	#	Bank	%\$(000s)	%	Aggregate	%\$(000s)	#	Bank	%\$(000s)	%	Aggregate
	HomePurchase										
Low	0	0.0%	0.0%	1.6%	1.0%	0	0.0%	0.0%	4.0%	2.3%	
Moderate	0	0.0%	0.0%	19.7%	15.7%	0	0.0%	0.0%	16.4%	12.1%	
Middle	0	0.0%	0.0%	51.0%	47.7%	0	0.0%	0.0%	21.9%	19.2%	
Upper	1	100.0%	100.0%	27.7%	35.7%	0	0.0%	0.0%	35.6%	45.5%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	22.2%	20.9%	
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%	
	Refinance										
Low	0	0.0%	0.0%	2.6%	1.4%	0	0.0%	0.0%	7.3%	4.3%	
Moderate	0	0.0%	0.0%	20.2%	15.4%	0	0.0%	0.0%	18.6%	14.4%	
Middle	0	0.0%	0.0%	51.1%	47.2%	0	0.0%	0.0%	23.5%	21.4%	
Upper	0	0.0%	0.0%	26.1%	36.0%	0	0.0%	0.0%	32.3%	41.9%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.3%	18.0%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	HomeImprovement										
Low	0	0.0%	0.0%	1.8%	1.4%	0	0.0%	0.0%	7.4%	4.4%	
Moderate	0	0.0%	0.0%	18.6%	15.3%	0	0.0%	0.0%	20.3%	16.0%	
Middle	0	0.0%	0.0%	52.5%	49.6%	0	0.0%	0.0%	27.6%	25.2%	
Upper	0	0.0%	0.0%	27.1%	33.8%	0	0.0%	0.0%	39.4%	48.3%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	5.3%	6.0%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	Multi-Family										
Low	0	0.0%	0.0%	5.6%	0.3%	0	0.0%	0.0%	0.0%	0.0%	
Moderate	1	100.0%	100.0%	22.2%	14.4%	0	0.0%	0.0%	0.0%	0.0%	
Middle	0	0.0%	0.0%	50.0%	69.4%	0	0.0%	0.0%	0.0%	0.0%	
Upper	0	0.0%	0.0%	22.2%	15.9%	0	0.0%	0.0%	0.0%	0.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	1	100.0%	100.0%	100.0%	100.0%	
Total	1	100.0%	100.0%	100.0%	100.0%	1	100.0%	100.0%	100.0%	100.0%	
	HMDATotals										
Low	0	0.0%	0.0%	2.0%	1.1%	0	0.0%	0.0%	5.5%	3.0%	
Moderate	1	50.0%	71.7%	19.9%	15.5%	0	0.0%	0.0%	17.5%	12.7%	
Middle	0	0.0%	0.0%	51.1%	48.3%	0	0.0%	0.0%	22.8%	19.6%	
Upper	1	50.0%	28.3%	27.0%	35.1%	0	0.0%	0.0%	34.4%	42.7%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	100.0%	100.0%	19.8%	22.0%	
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%	

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2005AggregateComparisonLoanDistributionTable

AssessmentArea:MontgomeryAL

IncomeCategories	HMDA									
	ByTractIncome					ByBorrowerIncome				
	#	Bank %	Aggregate %	Aggregate %	Aggregate %	#	Bank %	Aggregate %	Aggregate %	Aggregate %
	HomePurchase									
Low	0	0.0%	0.0%	1.1%	0.7%	0	0.0%	0.0%	9.1%	5.4%
Moderate	0	0.0%	0.0%	9.1%	4.6%	0	0.0%	0.0%	20.6%	16.5%
Middle	0	0.0%	0.0%	32.3%	25.4%	0	0.0%	0.0%	20.6%	19.5%
Upper	0	0.0%	0.0%	57.5%	69.3%	0	0.0%	0.0%	33.5%	45.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	16.2%	13.5%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
	Refinance									
Low	0	0.0%	0.0%	2.1%	1.2%	0	0.0%	0.0%	7.7%	4.3%
Moderate	0	0.0%	0.0%	12.8%	6.6%	0	0.0%	0.0%	16.1%	11.4%
Middle	0	0.0%	0.0%	34.5%	26.3%	0	0.0%	0.0%	18.5%	16.0%
Upper	0	0.0%	0.0%	50.5%	65.9%	0	0.0%	0.0%	33.7%	46.1%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	24.0%	22.2%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
	HomeImprovement									
Low	0	0.0%	0.0%	5.4%	2.8%	0	0.0%	0.0%	11.7%	8.2%
Moderate	0	0.0%	0.0%	18.2%	15.1%	0	0.0%	0.0%	29.9%	20.3%
Middle	0	0.0%	0.0%	35.7%	31.0%	0	0.0%	0.0%	23.8%	19.3%
Upper	0	0.0%	0.0%	40.7%	51.1%	0	0.0%	0.0%	31.9%	49.8%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.7%	2.4%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
	Multi-Family									
Low	0	0.0%	0.0%	6.5%	1.2%	0	0.0%	0.0%	0.0%	0.0%
Moderate	0	0.0%	0.0%	19.4%	8.4%	0	0.0%	0.0%	0.0%	0.0%
Middle	0	0.0%	0.0%	38.7%	30.8%	0	0.0%	0.0%	0.0%	0.0%
Upper	0	0.0%	0.0%	35.5%	59.6%	0	0.0%	0.0%	0.0%	0.0%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	100.0%	100.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%
	HMDATotals									
Low	0	0.0%	0.0%	1.6%	0.9%	0	0.0%	0.0%	8.7%	4.7%
Moderate	0	0.0%	0.0%	10.7%	5.6%	0	0.0%	0.0%	19.4%	13.8%
Middle	0	0.0%	0.0%	33.2%	26.1%	0	0.0%	0.0%	20.0%	17.1%
Upper	0	0.0%	0.0%	54.5%	67.3%	0	0.0%	0.0%	33.4%	42.4%
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	18.6%	22.0%
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%

OriginationsandPurchases

APPENDIXD-AGGREGATELENDINGTABLES(Continued)

2006AggregateComparisonLoanDistributionTable

AssessmentArea:MontgomeryAL

IncomeCategories	HMDA										
	ByTractIncome					ByBorrowerIncome					
	#	Bank	%\$(000s)	%	Aggregate	%\$(000s)	#	Bank	%\$(000s)	%	Aggregate
	HomePurchase										
Low	0	0.0%	0.0%	0.9%	0.6%	0	0.0%	0.0%	7.8%	4.6%	
Moderate	1	50.0%	15.1%	10.4%	5.4%	0	0.0%	0.0%	20.0%	14.7%	
Middle	0	0.0%	0.0%	32.5%	27.5%	0	0.0%	0.0%	21.6%	19.7%	
Upper	1	50.0%	84.9%	56.2%	66.5%	0	0.0%	0.0%	36.5%	48.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	100.0%	100.0%	14.0%	12.9%	
Total	2	100.0%	100.0%	100.0%	100.0%	2	100.0%	100.0%	100.0%	100.0%	
	Refinance										
Low	0	0.0%	0.0%	2.0%	1.3%	0	0.0%	0.0%	8.0%	4.5%	
Moderate	1	33.3%	23.5%	13.1%	7.1%	0	0.0%	0.0%	17.7%	12.9%	
Middle	0	0.0%	0.0%	35.5%	29.0%	0	0.0%	0.0%	20.8%	17.0%	
Upper	2	66.7%	76.5%	49.4%	62.6%	1	33.3%	50.2%	33.7%	46.7%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	2	66.7%	49.8%	19.8%	18.9%	
Total	3	100.0%	100.0%	100.0%	100.0%	3	100.0%	100.0%	100.0%	100.0%	
	HomeImprovement										
Low	0	0.0%	0.0%	3.8%	2.9%	0	0.0%	0.0%	11.2%	5.3%	
Moderate	0	0.0%	0.0%	15.2%	10.3%	0	0.0%	0.0%	25.3%	16.0%	
Middle	0	0.0%	0.0%	39.0%	33.4%	0	0.0%	0.0%	26.2%	24.6%	
Upper	0	0.0%	0.0%	42.0%	53.4%	0	0.0%	0.0%	35.0%	50.5%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	0	0.0%	0.0%	2.3%	3.7%	
Total	0	0.0%	0.0%	100.0%	100.0%	0	0.0%	0.0%	100.0%	100.0%	
	Multi-Family										
Low	0	0.0%	0.0%	15.8%	4.3%	0	0.0%	0.0%	0.0%	0.0%	
Moderate	2	33.3%	62.3%	10.5%	1.1%	0	0.0%	0.0%	0.0%	0.0%	
Middle	1	16.7%	4.2%	47.4%	55.1%	0	0.0%	0.0%	0.0%	0.0%	
Upper	3	50.0%	33.6%	26.3%	39.5%	0	0.0%	0.0%	0.0%	0.0%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	6	100.0%	100.0%	100.0%	100.0%	
Total	6	100.0%	100.0%	100.0%	100.0%	6	100.0%	100.0%	100.0%	100.0%	
	HMDATotals										
Low	0	0.0%	0.0%	1.4%	1.0%	0	0.0%	0.0%	8.0%	4.4%	
Moderate	4	36.4%	43.7%	11.5%	5.8%	0	0.0%	0.0%	19.5%	13.5%	
Middle	1	9.1%	2.3%	33.8%	29.4%	0	0.0%	0.0%	21.5%	18.0%	
Upper	6	54.5%	54.0%	53.3%	63.8%	1	9.1%	17.4%	35.5%	45.3%	
Unknown	0	0.0%	0.0%	0.0%	0.0%	10	90.9%	82.6%	15.6%	18.7%	
Total	11	100.0%	100.0%	100.0%	100.0%	11	100.0%	100.0%	100.0%	100.0%	

OriginationsandPurchases

APPENDIXE-GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

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.

Community development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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 non-relatives 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).

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract or a block numbering area delineated by the U.S. 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 included data such as race, gender and income of applications, amount of loan requested, and 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 refinancing of home improvement and home purchase loans.

APPENDIXE–GLOSSARY(Continued)

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.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

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 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”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

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: Refer 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.

APPENDIXE–GLOSSARY(Continued)

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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 non-mortgage, commercial loans.

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.

APPENDIX F-DEFINITIONS AND ABBREVIATIONS

Throughout this evaluation, the following definitions are used for the various income levels. These levels are defined in the CRA.

<i>Low-Income-</i>	An individual income, or median family income for the area median income.	geographies, that is less than 50 percent of
<i>Moderate-Income-</i>	An individual income, or median family income for less than 80 percent of the area median income.	geographies, that is at least 50 percent but
<i>Middle-Income-</i>	An individual income, or median family income for less than 120 percent of the area median income.	geographies, that is at least 80 percent but
<i>Upper-Income-</i>	An individual income or median family income for area median income.	geographies that is 120 percent or more of the

Abbreviations

ATMs-	Automated Teller Machines
CRA-	Community Reinvestment Act (Regulation BB)
FDIC-	Federal Deposit Insurance Corporation
HMDA-	Home Mortgage Disclosure Act (Regulation C)
HUD-	Department of Housing and Urban Development
LTD-	Loan-to-Deposit Ratio
MSA-	Metropolitan Statistical Area
REIS-	Regional Economic Information Systems
SBA-	Small Business Administration

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.

APPENDIXG–GENERALINFORMATION

TheCommunityReinvestmentAct(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 the 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 CRA performance of **CapitalSouth Bank** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **January 14, 2008**. 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 12CFR Part 228.