

PUBLIC DISCLOSURE

April 20, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Southern Bancorp Bank
RSSD# 973140**

**117 West Floyce Street
Ruleville, Mississippi 38771**

Federal Reserve Bank of St. Louis

**P.O. Box 442
St. Louis, Missouri 63166-0442**

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'S CRA RATING: This institution is rated **Outstanding**.

Southern Bancorp Bank meets the criteria for an outstanding rating based upon the performance evaluation of the bank's lending activities and record of community development investments and services. Loan activity analysis reveals reasonable penetration among individuals of different income levels, including low- and moderate- income (LMI) levels,¹ and among businesses and farms of different sizes. The geographic distribution analysis reflects reasonable dispersion throughout the bank's assessment areas. The bank's loan-to-deposit ratio is reasonable given the bank's size, financial condition, lending capacity, and credit needs of its assessment areas. In addition, a substantial majority of the bank's loans and other lending-related activities are in the bank's assessment areas. Finally, the institution was found to have a strong record of providing community development investments and services.

SCOPE OF EXAMINATION

The bank's Community Reinvestment Act (CRA) performance was evaluated using the examination procedures for small banks. The evaluation period dates back to the previous CRA examination on February 9, 2004.

As will be discussed in more detail later, the bank has two separate non-contiguous assessment areas. The Delta assessment area is comprised of 46 census tracts in Bolivar, Coahoma, Quitman, Sunflower, Tallahatchie, and Washington counties in Mississippi, about 100 miles south of Memphis, Tennessee. The Pearl River assessment area is comprised of Pearl River County, which is in the southwestern portion of the state, roughly 50 miles northeast of New Orleans, Louisiana. Since the assessment areas are not contiguous, the bank's lending within these assessment areas must be evaluated separately under the requirements of CRA. Since the bank originated 92.2 percent of the sampled loans in the Delta assessment area and has had a very limited presence in the Pearl River assessment area, the Delta assessment area will receive the greatest weight in this evaluation.

The bank's performance was evaluated using loan data from loans statistically sampled from the bank's primary lines of business. These loan products were sampled as they are representative of the bank's overall lending performance. Specifically, the loan products evaluated included consumer, residential real estate, small business, and small farm loans. These loans were originated during the review period January 1, 2008, through December 31, 2008.² The loan data was used to evaluate the bank's lending volume, geographic distribution among areas with different income characteristics, and distribution of lending by borrower income and business revenue. Three community contacts were performed in order to establish a context for the communities in which the bank operates and to solicit information on the bank's performance.

¹ See the glossary in Appendix B for definitions of low-, moderate-, middle-, and upper-income categories.

² In the narrative and applicable tables that follow in this document, the reference to residential real estate, consumer, small business, and small farm loans will use the loans originated in the time periods shown here.

DESCRIPTION OF INSTITUTION³

Southern Bancorp Bank is owned by Southern Bancorp, Inc., a multi-bank holding company located in Arkadelphia, Arkansas. The bank has been designated as a Community Development Financial Institution (CDFI) by the Community Development Financial Institution Fund, a division of the U.S. Department of Treasury. CDFIs have a primary mission of promoting economic development, affordable housing, and community development financial services.

The bank's main office and all branches are located in the state of Mississippi. The main office is located in the town of Ruleville, and the bank has branch offices in Clarksdale, Greenville, Indianola, Shelby, Friars Point, Sledge, Lambert, Drew, Webb, Lula, Leland and Picayune. The bank's main office and five of its branch offices have full-service automated teller machines (ATM's) on the premises for 24-hour banking. These branch locations are in the cities of Clarksdale, Greenville, Indianola, Leland, and Webb.

In its mission of providing community development activities, the bank works closely with its affiliate, Southern Financial Partners. Both entities share a common mission aimed at revitalizing struggling rural communities in the Delta region through promoting comprehensive community development projects that are focused on restarting the local economy, rebuilding the civic infrastructure, addressing health care needs, creating new homeownership and affordable housing opportunities, and supporting quality education opportunities for residents.

The bank has the ability to meet the credit needs of its assessment areas based on the bank's asset size, financial condition, and other resources. As of December 31, 2008, the bank reported total assets of \$168.5 million. As of the same date, gross loans outstanding were \$103.0 million (representing 61.1 percent of total assets), and deposits totaled \$119.3 million. The bank's loan portfolio composition by credit category is displayed in the table that follows.

³ Any percentage row or column "Total" figure displayed throughout this evaluation that does not equal exactly 100 percent is strictly due to rounding differences, which are considered immaterial to overall performance conclusions.

Distribution of Total Loans (as of December 31, 2008)		
Credit Product Type	Amount in \$000s	Percentage of Total Loans
Construction and Development	\$ 12,549	12.2%
Commercial Real Estate	\$ 27,011	26.2%
Multifamily Residential	\$ 1,235	1.2%
1-4 Family Residential - Revolving	\$ 580	0.6%
1-4 Family Residential – Other	\$ 16,762	16.3%
Farmland	\$ 10,914	10.6%
Agricultural	\$ 15,122	14.7%
Commercial and Industrial	\$ 7,637	7.4%
Loans to Individuals	\$ 10,745	10.4%
Total Other Loans	\$ 459	0.4%
Gross Loans	\$103,014	100%

As indicated by the preceding table, a significant portion of the bank’s lending resources are directed to loans secured by commercial real estate (26.2 percent), 1-4 family residential properties (16.3 percent), loans to finance agricultural production (14.7 percent), loans secured by farmland⁴ (10.6 percent), and loans to individuals (10.4 percent). By dollar volume, a significant portion of the bank’s lending resources are directed to commercial real estate, 1-4 family residential properties, and agriculture loans. However, by lending volume, the largest product is consumer non-real estate loans. The bank does not have a minimum loan amount and maintains affordable interest rates for this product. The absence of minimum loan amounts helps to make credit more accessible to a larger percentage of LMI borrowers in the assessment area.

As part of this evaluation under the CRA, the bank’s performance was considered in relation to the performance of local competitors. Five financial institutions were identified as similarly situated competitors with asset sizes of \$110.8 million to \$536.9 million.

There are no apparent legal or financial impediments that would prevent the bank from meeting the credit needs of its assessment areas. The bank received an outstanding rating at its previous CRA evaluation conducted by the Federal Deposit Insurance Corporation (FDIC) as of February 9, 2004.

⁴ Loans secured by farmland include farm residential and other improvements.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The bank meets the criteria for an outstanding rating based upon its satisfactory lending performance as measured by the CRA small bank performance standards and its community development investments and services in its assessment areas. The lending performance was based upon a review of loan information from a statistical sample of consumer, residential real estate, business, and farm loans. These loan categories are considered the bank's primary lines of business, based upon lending volume by number and dollar amounts, and in light of the bank's stated business strategy. Therefore, loan activity represented by these credit products is deemed indicative of the overall lending performance of the bank. As mentioned earlier, 92.2 percent of the bank's lending considered in this analysis occurred in the Delta assessment area. Consequently the Delta assessment area will receive the greatest weight in the evaluation. The CRA small bank performance standards evaluate the following five criteria as applicable:

- The distribution of loans by borrower income and by business and farm revenue.
- The geographic distribution of loans within the various census tracts.
- The bank's average loan-to-deposit ratio.
- The level of lending within the assessment area.
- A review of written complaints.

Lending in the Assessment Area

For the loan activity reviewed as part of this evaluation, the following table displays the number and dollar volume of loans inside the bank's combined assessment area.

Lending Inside and Outside of Assessment Area			
Loan Type	Inside Assessment Area	Outside Assessment Area	TOTAL
2008 Residential Real Estate	60	5	65
	92.3%	7.7%	100%
	\$ 4,841	\$ 558	\$ 5,399
2008 Consumer	89.7%	10.3%	100%
	\$ 1,233	155	1,388
	88.8%	11.2%	100%
2008 Small Business	\$ 7,965	\$ 1,134	\$ 9,099
	87.5%	12.5%	100%
	\$ 87	23	110
2008 Small Farm	79.1%	20.9%	100%
	\$ 4,877	\$ 3,019	\$ 7,896
	61.8%	38.2%	100%
2008 Small Farm	\$ 68	20	88
	77.3%	22.7%	100%
	\$ 6,457	\$ 2,519	\$ 8,976
TOTAL	71.9%	28.1%	100%
	\$ 1,448	203	1,651
	87.7%	12.3%	100%
TOTAL	\$ 24,140	\$ 7,230	\$ 31,370
	77.0%	23.0%	100%

The preceding table demonstrates that a substantial majority of the loans reviewed were originated within the bank's combined assessment areas. As shown in the table, 1,448 (87.7 percent) of the 1,651 loans sampled were originated within the bank's assessment area. By dollar volume 77.0 percent of loans were originated inside the assessment areas. Therefore, the bank's overall lending practices under this performance criterion exceed the standard for satisfactory performance.

Loan-to-Deposit (LTD) Ratio

One indication of the bank’s overall level of lending activity is its LTD ratio. The table below displays the bank’s average LTD ratio⁵ in comparison to that of five competitors in their combined assessment area. These financial institutions were determined to be similarly situated to Southern Bancorp Bank.

Loan-to-Deposit Ratio Analysis			
Name	Asset Size⁶	Headquarters	Average LTD Ratio
Southern Bancorp Bank	\$ 168.5	Ruleville, Mississippi	59.7%
Local Competitors	\$ 206.1	Picayune, Mississippi	84.7%
	\$ 157.3	Cleveland, Mississippi	52.2%
	\$ 110.8	Marks, Mississippi	76.8%
	\$ 536.9	Indianola, Mississippi	69.2%
	\$ 491.8	Belzoni, Mississippi	83.1%

Based on data from the preceding table, the bank’s level of lending indicates a reasonable responsiveness to the credit needs of the assessment area. The bank’s LTD ratio for the past 20 quarters averaged 59.7 percent, which is lower than four of its five competitors. It is noted that the bank’s quarterly average LTD ratio has been trending upward. For the year 2008, the bank’s quarterly average LTD ratio was 78.3 percent. Considering the community development focus of the bank, its average LTD ratio for this review period meets the standard for a satisfactory rating under this performance criterion.

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

The bank’s distribution of loans by borrower income and revenue size of businesses and farms is satisfactory. In the Delta assessment area, the bank’s record of originating consumer loans to borrowers of various income levels is good. The bank’s record of originating residential real estate, small business and small farm loans is reasonable. The Delta assessment area makes up a substantial portion of the bank’s lending and deposit activity and was therefore afforded more weight in this analysis.

⁵The average LTD ratio represents a 20-quarter average, dating back to the bank’s last CRA evaluation.

⁶Asset size figures in this table represent total assets as of December 31, 2008 (in \$000s).

In the Pearl River assessment area, the bank's record of originating consumer and residential mortgage loans to borrowers of various income levels is also satisfactory. The bank's record of originating small business loans to businesses of different sizes is excellent. The Pearl River County assessment area is a small portion of the bank's overall lending activity and was afforded less weight in this analysis.

There is a detailed discussion of the distribution of loans to borrowers of different income levels and businesses and farms of varying sizes in the Conclusions with Respect to Performance Tests section of each assessment area.

Geographic Distribution of Loans

The analysis of the geographic distribution of loans evaluates the bank's distribution of loans within its assessment area. The review focuses on loans in LMI census tracts. In the Delta assessment area there are two low- and 24 moderate-income census tracts. The bank's dispersion of consumer and residential loans demonstrated excellent penetration throughout LMI census tracts. In addition, the bank's record of originating small business loans to businesses of different sizes was good, while the distribution of small farm loans was reasonable.

In the Pearl River assessment area there are no low- and one moderate-income census tract. The dispersion of consumer, residential real estate and small business loans was reasonable throughout all geographic areas.

A detailed discussion of the geographic distribution can be found in the Delta and Pearl River assessment area sections that follow.

Review of Complaints

No CRA-related complaints were received for this institution during the time period used for this evaluation (February 9, 2004 to April 20, 2009).

Additional Information

During the Consumer Affairs Examination conducted concurrently with this CRA evaluation, a fair lending analysis was performed to assess the bank's compliance under Regulation B (Equal Credit Opportunity) and the Fair Housing Act. The analysis concluded that the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations for the products and services reviewed.

DESCRIPTION OF COMMUNITY DEVELOPMENT INVESTMENTS AND SERVICES

As part of the performance analysis, this Reserve Bank's examiners were asked by the bank's senior management to consider its community development investment and service activities in order to enhance the CRA performance. Based upon the examiners' review of the bank's five core lending criteria, it was determined that the bank exceeded the standard for satisfactory performance in its lending inside its assessment areas. Consequently, examiners considered the bank's community development activities, which included investments and services.

Community Development Investments

The bank, holding company and affiliates had numerous investments. These largely took the form of grants and donations to various community groups and organizations which met various community development purposes. The total amount of grants and donations was \$864,193. The largest portion of these grants and donations (\$649,974) were targeted towards initiatives outlined in the Ruleville and Drew city strategic plans. These grants and donations have played a key role in helping to revitalize and stabilize both towns, which are located in LMI geographies.

In addition, the bank's investment portfolio contains \$1,287,796 in school bond issues. Greater than 50.0 percent of the student population in each school district receives free or subsidized lunches, which serves as a proxy for the income level of the families attending these schools.

The total community development investments demonstrate an excellent responsiveness to community development needs of the assessment areas based upon the opportunities for such investments.

Community Development Services

Officers and employees of the bank, holding company, and affiliates were involved in numerous community organizations within the Delta assessment area. A significant portion of these organizations had a primary purpose of community development. The bank often assumed a leadership role in these organizations and provided significant financial guidance.

The bank provides ready access to financial services in all parts of its assessment area through its branches and ATMs. Currently, one of the bank's branches is in a low- income census tract and eight are in moderate income tracts, representing 64.3 percent of the 14 total branches.

Through a partnership with its non-profit affiliate, Southern Good Faith Fund, the bank offers and services a total of 38 individual development accounts (IDAs). These accounts assist low- and moderate-income individuals to save for homeownership, home repair, higher education, or small business development.

The bank has offered free tax preparation services through the IRS's Volunteer Income Tax Assistance Program (VITA). As part of the program, 18 employees have assisted LMI people

who cannot prepare their own tax return. The bank has offered this service for the past three tax years.

The bank's total community development services demonstrate an excellent responsiveness to community development needs of the assessment areas based upon the opportunities for such services.

The Delta Assessment Area⁷

DESCRIPTION OF BOLIVAR, COAHOMA, QUITMAN, SUNFLOWER, TALLAHATCHIE, AND WASHINGTON COUNTIES

The Delta assessment area is comprised of 46 census tracts which cover the Mississippi counties of Bolivar, Coahoma, Quitman, Sunflower, Tallahatchie, and Washington. These counties lie in the northwest portion of rural Mississippi, which are part of the Delta region of the south.

According to the Federal Deposit Insurance Corporation (FDIC), the bank is one of 20 FDIC-insured institutions operating within the assessment area, ranking eighth in market share of total deposits (5.7 percent).⁸

The following table reflects the number of census tracts within the assessment area by income category and the corresponding family population within those census tracts.

Assessment Area Geographical Information by Income Category						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	2	24	13	7	0	46
Census Tracts	4.3%	52.2%	28.3%	15.2%	0.0%	100%
Family Population	1,350	24,799	12,033	8,791	0	46,973
	2.9%	52.8%	25.6%	18.7%	0.0%	100%

The preceding table shows that the Delta assessment area contains 26 LMI, 13 middle-income, and seven upper-income census tracts. By far, the largest portion of the assessment area family population (56.5 percent) resides in the LMI census tracts. According to the FFIEC's 2008 list of middle-income nonmetropolitan distressed or underserved geographies, 13 of these middle-income tracts are designated as distressed due to poverty and unemployment. One middle-income census tract in Tallahatchie County is also designated as underserved.

The following table displays the population percentages of Delta assessment area families by income level, compared to the state of Mississippi and the Mississippi non-MSA family population percentages as a whole.

⁷ Statistical/demographic information cited in this evaluation, unless otherwise stated, is taken from 2000 United States Census Bureau data.

⁸ The FDIC makes information regarding deposit market share available on its website, updated as of June 30 of each year.

Assessment Area Family Population by Income Level						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	14,278 30.4%	8,074 17.2%	7,931 16.9%	16,690 35.5%	0 0.0%	46,973 100%
State of Mississippi	171,294 22.8%	124,239 16.5%	149,402 19.9%	307,299 40.9%	0 0.0%	752,234 100%
Non-MSA Mississippi	103,223 23.6%	70,831 16.2%	83,277 19.0%	180,480 41.2%	0 0.0%	437,811 100%

As shown in the preceding table, the Delta assessment area has a greater family population that is designated as LMI as compared to both the state of Mississippi and the Mississippi non-MSA. LMI families make up almost half (47.6 Percent) of the assessment area’s family population, compared to 39.3 percent of the families in the state of Mississippi and 39.8 percent of the families in non-MSA Mississippi. Based on this comparison, the assessment area population is significantly less affluent relative to the other two designated areas.

The Delta assessment area’s housing costs are similar to non-MSA Mississippi, but are less than the state of Mississippi figures. The 2000 median gross rent for the Delta assessment area was \$382 per month, which was the same as the non-MSA area but less than the state of Mississippi figure of \$439. Further, the assessment area’s affordability ratio⁹ as of 2000 was 49.9 percent, compared to the non-MSA figure of 49.6 percent and the state of Mississippi figure of 48.4 percent.

The percentage of owner-occupied housing units in the assessment area is at a level of 56.6 percent, which is lower than both the non-MSA and the state of Mississippi comparisons of 65.5 and 65.2 percent, respectively. The assessment area contains a higher percentage of rental units (35.1 percent) than the non-MSA figure of 23.7 percent and the state of Mississippi figure of 24.9 percent. The level of vacant housing units in the assessment area is 8.2 percent, a figure which is also lower than both the Mississippi non-MSA (10.8 percent) and the state of Mississippi (9.9 percent). In the assessment area, 26.6 percent of families live below the poverty level, which is significantly more than both the Mississippi non-MSA and the state, which have below poverty rates of 18.5 and 16.0 percent, respectively.

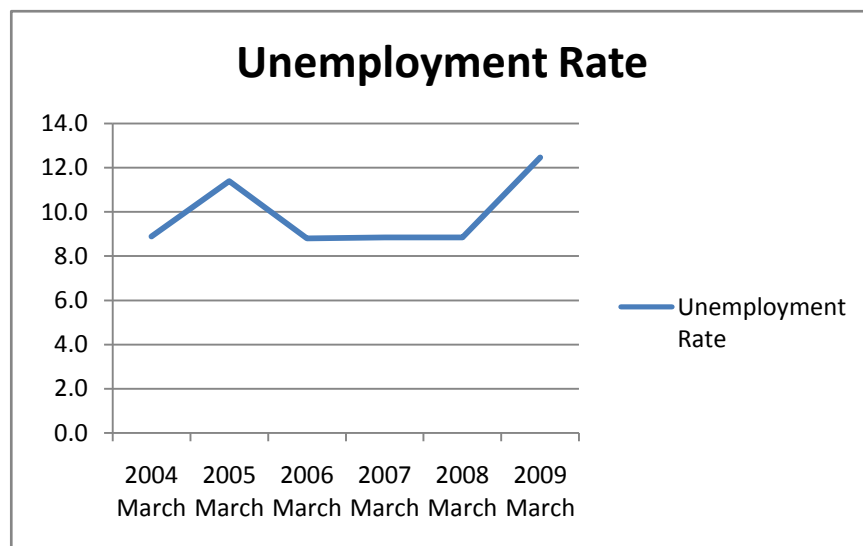
Two community contacts were conducted for the Delta assessment area in conjunction with the CRA assessment of the bank. The comments provided were used in determining the context in which to evaluate the bank’s performance in meeting the credit needs of the Delta assessment area.

⁹ This figure is calculated by dividing the median household income by the median housing value; it represents the amount of single family owner-occupied housing that a dollar of income can purchase for the median household in the geography. Values closer to 100 percent indicate greater affordability.

According to one contact who was well versed in the area's agricultural conditions, the assessment area had been a major producer of cotton, which used to dominate close to 100,000 acres of the area's farmland. In recent years, many of these farms have transitioned to corn and beans. Cotton acreage has dwindled to only about 3,500. The shift in agricultural production has largely been influenced by decreased demand for cotton due to the use of synthetic fibers by the textile industry. Another major factor in this agricultural shift has been the reduced cost of growing and harvesting corn as compared to cotton. The contact estimated that it costs local farmers nearly \$600 to produce one acre of cotton versus only \$400 to produce an acre of corn. These costs do not include the processing of cotton through local gins. While demand for cotton has dropped, demand for corn has increased due to bio-fuels. In addition to the shift in agriculture, there has also been a drastic decrease in catfish farms in Sunflower County. The contact stated that there used to be five large catfish farms in the area that employed nearly 3,000 employees. In recent years, four have closed and one still remains open but only has 200 employees.

The declining cotton industry has caused major reductions in tax revenues associated with this industry. Besides eliminating a large number of seasonal jobs related to cotton, the absence of the tax revenues generated by the former cotton gins have left many of the smaller communities with problems in maintaining roads, and basic municipal services such as schools, police, and fire departments. The contact noted that since there is a lack of jobs, people are leaving the region to find employment elsewhere. The contact stated that the 2010 census data will likely show a decrease in the population of about 10 percent.

Another contact who works with the area's small businesses stated that unemployment is a very large concern in the area. The contact estimated the average income for the assessment area to be between \$25,000 and \$26,000 a year. With low wages, money management is a major obstacle for many residents. As depicted in the graph below, the average unemployment rate for all counties in the Delta assessment area has climbed from 8.9 percent in March 2004 to 12.5 percent in March of 2009.¹⁰



¹⁰ Information provided by Economic Research from the Federal Reserve Bank of St. Louis GEOFRED.

The largest civilian employers in the area are Parchman State Prison, Viking Stove, and Bates Health Care. However, Viking Stove recently laid off a portion of its workforce. Despite the economy, the contact stated there has been increased interest in individuals starting their own business. Many of these applicants, however, are challenged by poor credit scores and do not have checking accounts. The contact stated that local banks in the area are very conservative and in most cases refer the applicant to the Small Business Administration (SBA). If the applicant is qualified by the SBA, then banks in the area will pursue the loan knowing it will be guaranteed. The contact stated that a new initiative of SBA will help many small businesses. The new initiative allows small businesses to obtain loans up to \$35,000 with special terms. These terms include low interest rates, decreased fees, and no payments for 12 months. The loan program will be available to current and new business owners alike.

Both contacts stated that banks have been very involved in projects to revitalize the area. According to the first contact, the bank has made donations to help create the blues and civil rights museums that have brought tourists to the area and created jobs. In addition, the bank's strategic plans and financial support for the revitalization of the rural cities of Ruleville and Drew, Mississippi, have had a very positive impact on the local economies by attracting small businesses to the assessment area. The contact further stated that as the state of Mississippi's development association begins its initiatives to retain and attract small business, there will be more opportunities for involvement by area banks.

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

The small bank performance standards evaluate the bank's lending to borrowers of various income levels and businesses and farms of varying revenue sizes. Special emphasis is placed on loans originated to LMI borrowers, small businesses, and small farms throughout the assessment areas. Borrowers are classified into low-, moderate-, middle-, and upper-income categories by comparing their reported income to the most recent median family income figure as estimated by the Department of Housing and Urban Development (HUD). For 2008, HUD estimated the median family income for the non-metropolitan areas of the state of Mississippi to be \$40,300. Small businesses and small farms are classified as those entities with gross annual revenues of \$1 million or less. The distribution of these loans is compared to relevant demographic data.

The following table shows the distribution of consumer loans in the Delta assessment area by income level of the borrower. These consumer products included home equity, motor vehicle, and other types of secured and unsecured consumer loans.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower						
Loan Type	Borrower Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Consumer	232	263	242	254	167	1,158
	20.0%	22.7%	20.9%	21.9%	14.4%	100%
	\$ 731	\$ 1,176	\$ 1,175	\$ 2,435	\$ 1,223	\$ 7,340
	10.0%	16.0%	24.2%	33.2%	16.7%	100%
Household Population	31.4%	15.2%	15.6%	37.8%	0.0%	100%

Of the 1,158 consumer loans reviewed for this analysis, 42.7 percent were originated to LMI borrowers (26.0 percent by dollar volume). In comparison, LMI households account for 46.6 percent of the assessment area population. Based on this comparison, the distribution of consumer loans in the Delta assessment area reflects good distribution to borrowers of different income levels, especially to LMI borrowers.

The following table shows the distribution of residential real estate loans in the Delta assessment area by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower						
Loan Type	Borrower Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Residential Real Estate	5	6	12	25	1	49
	10.2%	12.2%	24.5%	51.0%	2.0%	100%
	\$ 73	\$ 322	\$ 563	\$ 2,038	\$ 98	\$ 3,094
	2.4%	10.4%	18.2%	65.9%	3.2%	100%
Family Population	30.4%	17.2%	16.9%	35.5%	0.0%	100%

The preceding table indicates that in the Delta assessment area the bank originated 22.4 percent of its residential real estate loans to LMI borrowers (12.8 percent by dollar volume), with LMI borrowers comprising 47.6 percent of the family population in the assessment area. The bank's distribution of residential real estate loans is reasonable when compared to the family population, housing statistics and economic data.

Similar to the borrower distribution analysis conducted for consumer and residential real estate loans, the bank's distribution of loans to businesses and farms with varying revenues was reviewed in light of the assessment area's demographics. The following table reflects the bank's

distribution of business loans in the Delta assessment area by gross annual revenue and loan amount.

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Origination Amount (in \$000s)			TOTAL
	≤\$100	>\$100≤\$250	>\$250≤\$1,000	
\$1 Million or Less	42 70.0%	8 13.3%	0 0.0%	50 83.3%
Greater Than \$1 Million	7 11.7%	2 3.3%	1 1.7%	10 16.7%
TOTAL	49 81.7%	10 16.7%	1 1.7%	60 100%

The preceding table demonstrates that of the 60 loans sampled, 83.3 percent were made to businesses with gross annual revenues of \$1 million or less. In comparison, the bank's performance is similar to 2008 data from Dun & Bradstreet, which indicates that 89.9 percent of businesses inside the Delta assessment area have gross annual revenues of \$1 million or less. Of the 60 small business loans originated by the bank, 70.0 percent were in amounts of \$100,000 or less. In summary, the bank's level of lending to small businesses is considered reasonable.

The following table shows the distribution of farm loans in the Delta assessment area by gross annual revenue and loan amount.

Lending Distribution by Farm Revenue Level				
Gross Revenue	Loan Origination Amount (in \$000s)			TOTAL
	≤\$100	>\$100≤\$250	>\$250≤\$500	
\$1 Million or Less	31 45.6%	10 14.7%	3 4.4%	44 64.7%
Greater Than \$1 Million	11 16.2%	10 14.7%	3 4.4%	24 35.3%
TOTAL	42 61.8%	20 29.4%	6 8.8%	68 100%

Of the 68 loans sampled, 64.7 percent were made to farms with gross annual revenues of \$1 million or less. In comparison, 2008 data from Dun & Bradstreet indicates that 93.5 percent of farms inside the Delta assessment area have gross annual revenues of \$1,000,000 or less. Furthermore, the data indicates that 45.6 percent of the bank's farm loans were extended to small farms in amounts of \$100,000 or less. In summary, the bank's level of lending to small farms is considered reasonable.

Overall, for the four loan products reviewed, the bank meets the standard for satisfactory performance under this criterion.

Geographic Distribution of Loans

As previously noted, the Delta assessment area contains 26 LMI, 13 middle-, and seven upper-income census tracts. The analysis in this section illustrates the distribution of the bank’s loans in all census tracts within this assessment area. The following table displays the geographic distribution of the bank’s consumer loans in comparison to household population statistics for the assessment area.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Consumer	9	738	226	185	0	1158
	0.8%	63.7%	19.5%	16.0%	0.0%	100%
	\$ 35	\$ 4,343	\$ 1,731	\$ 1,230	\$ 0	\$ 7,339
	0.5%	59.2%	23.6%	16.8%	0.0%	100%
Household Population	3.3%	52.6%	24.9%	19.2%	0.0%	100%

The preceding table indicates that in the Delta assessment area, the bank originated 64.5 percent of its consumer loans to individuals residing in LMI census tracts (59.7 percent by dollar volume). In comparison, the household population in the LMI census tracts is only 55.9 percent. Based on this comparison, the bank’s geographic distribution of consumer loans to borrowers residing in LMI census tracts is excellent.

Similar to the geographic distribution analysis conducted for the bank’s consumer loans, the geographic distribution of residential real estate loans was also analyzed, and the bank’s performance is displayed in the following table.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Residential Real Estate	0	30	7	12	0	49
	0.0%	61.2%	14.3%	24.5%	0.0%	100%
	\$ 0	\$ 1,434	\$ 520	\$ 1,140	\$ 0	\$ 3,094
	0.0%	46.3%	16.8%	36.8%	0.0%	100%
Owner-Occupied Housing	2.3%	49.7%	27.1%	20.9%	0.0%	100%

As illustrated in the preceding table, the bank originated 61.2 percent by number and 46.3 percent by dollar amount of its residential real estate loans in LMI census tracts. These numbers compare favorably to the level of owner-occupied homes located in LMI census tracts (52.0 percent). Consequently, the bank's geographic distribution of HMDA loans reflects excellent penetration throughout the Delta assessment area.

As with the two consumer loan categories, the bank's geographic distribution of business and farm loans was also reviewed. The following table displays the results of the review of small business loans, along with estimated percentages of businesses located in each census tract income category used for comparison.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Small Business	2	28	21	9	0	60
	3.3%	46.7%	35.0%	15.0%	0.0%	100%
	\$ 16	\$ 1,547	\$ 993	\$ 534	\$ 0	\$ 3,090
	0.5%	50.1%	32.1%	17.3%	0.0%	100%
Business Institutions	6.9%	45.5%	22.9%	24.7%	0.0%	100%

The preceding table indicates that 50.0 percent of the bank's small business loans were made to small businesses located in LMI census tracts (50.6 percent by dollar volume). The bank's lending to businesses in LMI geographies is similar to data for 2008 recorded by Dun & Bradstreet which indicates that 52.4 percent of the small businesses located in the assessment area are located in LMI geographies. The geographic distribution of small business loans is considered reasonable.

The following table shows the distribution of farm loans in the Delta assessment area.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Small Farm	0	28	32	8	0	68
	0.0%	41.2%	47.1%	11.8%	0.0%	100%
	\$ 0	\$ 2,023	\$ 3,672	\$ 761	\$ 0	\$ 6,456
	0.0%	31.3%	56.9%	11.8%	0.0%	100%
Agricultural Institutions	0.3%	44.0%	37.8%	17.9%	0.0%	100%

As noted in the above table, 41.2 percent of the bank’s small farm loans were made to small farms located in LMI census tracts (31.3 percent by dollar volume). The bank’s lending to farms in LMI geographies is similar to the data recorded by Dun & Bradstreet, which indicates that 44.3 percent of farms located in the assessment area are located in LMI geographies. Based on these comparisons, the bank’s geographic distribution of small business and small farms is reasonable.

Overall, for the four loan products reviewed, the bank meets the standard for satisfactory performance under this criterion.

PEARL RIVER ASSESSMENT AREA

DESCRIPTION OF PEARL RIVER ASSESSMENT AREA

The Pearl River assessment area is comprised of eight census tracts in Pearl River County, which is located in the southern portion of Mississippi, roughly 50 miles northeast of New Orleans, Louisiana. Due to its proximity to New Orleans, the county has had a surge in population from individuals that were displaced by Hurricane Katrina in August 2005. In response to the credit needs of those affected by the hurricane and to help the economic stability of the region, the bank opened a branch in the city of Picayune in October 2007.

According to the FDIC deposit market share data as of June 30, 2008, the bank was one of seven FDIC-insured institutions operating in Pearl River County, ranking last in total deposits (0.1 percent).

The following table reflects the number of census tracts within the assessment area by each income category and the corresponding family population within those census tracts.

Assessment Area Geographical Information by Income Category						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area Geographies	0 0.0%	1 12.5%	6 75.0%	1 12.5%	0 0.0%	8 100%
Family Population	0 0.0%	1,946 14.2%	8,264 60.2%	3,516 25.6%	0 0.0%	13,726 100%

The preceding table shows that the Pearl River assessment area is comprised of one moderate-, six middle-, and one upper-income census tracts. By far, the largest portion of the assessment area family population (60.2 percent) resides in the middle-income census tracts. According to the FFIEC's 2008 list of middle-income nonmetropolitan distressed or underserved geographies, all six middle-income tracts are designated distressed due to poverty.

The following table displays the population percentages of Pearl River assessment area families by income level, compared to the state of Mississippi and the Mississippi non-MSA family population percentages as a whole.

Assessment Area Family Population by Income Level						
2000 Census Data	Low-	Moderate-	Middle-	Upper-	Unknown	TOTAL
Assessment Area	2,810 20.5%	2,240 16.3%	2,629 19.2%	6,047 44.1%	0 0.0%	13,726 100%
State of Mississippi	171,294 22.8%	124,239 16.5%	149,402 19.9%	307,299 40.9%	0 0.0%	752,234 100%
Non-MSA Mississippi	103,223 23.6%	70,831 16.2%	83,277 19.0%	180,480 41.2%	0 0.0%	437,811 100%

As shown in the preceding table, the distribution of family population by income level in the Pearl River assessment area is similar to the state of Mississippi and the Mississippi non-MSA. LMI families make up 36.8 percent of the Pearl River assessment area, compared to 39.3 percent of the families in the state of Mississippi and 39.8 percent of the families in the Mississippi non-MSA.

The Pearl River assessment area's housing costs are also similar to the state of Mississippi, but higher than the Mississippi non-MSA figures. The 2000 median gross rent for the Pearl River assessment area was \$421 per month, compared to \$439 for the state of Mississippi figure. Both of these figures are higher than the Mississippi non-MSA figure of \$382. Further, the assessment area's affordability ratio¹⁴ as of 2000 was 44.2 percent, compared to the Mississippi non-MSA figure of 49.6 percent and the state of Mississippi figure of 48.4 percent.

The percentage of owner-occupied housing units in the assessment area is at a level of 70.0 percent, which is higher than both the Mississippi non-MSA and the state of Mississippi comparisons of 65.5 and 65.2 percent, respectively. The assessment area contains a lower percentage of rental units (17.7 percent) than the Mississippi non-MSA figure of 23.7 percent and the state of Mississippi figure of 24.9 percent. The level of vacant housing units in the assessment area is 12.3 percent, a figure which is higher than the Mississippi non-MSA (10.8 percent) and the state of Mississippi (9.9 percent). Another indication that the assessment area is more affluent than other areas of the state is the percentage of families living below the poverty level. For the assessment area, 15.5 percent of the families are below the poverty level, which is lower than both the figures for the Mississippi non-MSA (18.6 percent) and the state of Mississippi (16.0 percent).

As with the evaluation for the Delta assessment area, a community contact was conducted for the Pearl River assessment area. Comments provided from this interview were considered in determining the context in which to evaluate the bank's performance in meeting the credit needs of the Pearl River assessment area.

¹⁴ This figure is calculated by dividing the median household income by the median housing value; it represents the amount of single family owner-occupied housing that a dollar of income can purchase for the median household in the geography. Values closer to 100 percent indicate greater affordability.

According to information provided by the contact, the economy of the local area is in transition. After the devastation of Hurricane Katrina in 2005, the population of this small retirement community grew from the persons displaced in New Orleans and lower Mississippi. In attempts to accommodate the large displaced population, the Federal Emergency Management Agency (FEMA) had provided temporary housing in which 319 families still reside. The housing, which consists of travel trailers and mobile homes, has been in place for the past 44 months. The termination of this program is slated for May 1, 2009, at which time residents will be expected to find more permanent housing. FEMA has been exploring ways of transitioning these families into permanent housing through local agencies. Unfortunately, since 2005, funding for these projects has begun to dry up. One option for families occupying the mobile homes is to purchase the units from the government and continue to live there. The county permits this as long as the mobile homes pass housing code requirements and the new owners acquire adequate insurance.

The contact further indicated that outside of the FEMA trailers there is some affordable housing through the Habitat for Humanity program, but otherwise there is very little affordable housing available. While many banks in the area have made donations to faith-based organizations that assist displaced individuals and families, the contact indicated that there is a need for affordable housing projects.

In addition to housing needs, the shifting population has led to some unique challenges in strengthening the economy. Many of the large retail stores such as Wal-Mart and Target are reluctant to place stores in this area until the population stabilizes. The contact stated that while many of the transitional residents have returned to their original home towns, there is still a large population that has not decided whether to stay or move. The uncertain population combined with ordinances that make Pearl River a county where the sale of alcoholic beverages is prohibited has also deterred many chain restaurants from opening in the county. Currently the city of Picayune is trying to get a resort community designation so restaurants can sell liquor. In the meantime, there have been several smaller businesses that have entered the area that employ 20 - 70 workers. Several of these businesses supply hard building materials such as concrete. The largest employer in the area is NASA, which employs about 2,000 people. Other leading industries include health professions and teaching.

According to the contact, there are four banks within the area that have a significant presence. These banks include Hancock Bank, Bank Plus, First National Bank of the Picayune, and Regions Bank. Access to services such as automatic teller machines (ATMs) and bank branches is good. The contact stated that there many opportunities for affordable housing projects and other community development initiatives. Additionally, the contact stated that there are many different organizations in the county willing to partner with banks. Some of these projects are as simple as providing transportation to the elderly or investing in completing projects such as the new hospital that, if completed, would create jobs and provide medical services to LMI persons and geographies.

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

The following table shows the distribution of consumer loans in the Pearl River assessment area by income level of the borrower. These consumer products included home equity, motor vehicle, as well as other types of secured and unsecured consumer loans.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower						
Loan Type	Borrower Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Consumer	11	12	22	26	4	75
	14.7%	16.0%	29.3%	34.7%	5.3%	100%
	\$ 58	\$ 98	\$ 181	\$ 252	\$ 36	\$ 625
	9.3%	15.7%	29.0%	40.3%	5.8%	100%
Household Population	21.2%	14.7%	16.7%	47.4%	0.0%	100%

Of the 75 consumer loans reviewed for this analysis, by number, 30.7 percent were originated to LMI borrowers (25.0 percent by dollar volume). In comparison, LMI households account for 35.9 percent of the assessment area population. Based on this comparison, the distribution of consumer loans in the Pearl River assessment area reflects reasonable distribution to borrowers of different income levels, especially to LMI borrowers.

The following table shows the distribution of residential real estate loans in the Pearl River assessment area by income level of the borrower.

Distribution of Loans (Number and Dollar Volume) Inside Assessment Area by Income Level of Borrower						
Loan Type	Borrower Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Residential Real Estate	0	1	2	8	0	11
	0.0%	9.1%	18.2%	72.7%	0.0%	100%
	\$ 0	\$ 77	\$ 66	\$ 1,605	\$ 0	\$ 1,748
	0.0%	4.4%	3.8%	91.8%	0.0%	100%
Family Population	20.5%	16.3%	19.2%	44.1%	0.0%	100%

The preceding table indicates that in the Pearl River assessment area the bank originated, by number, 9.1 percent of its residential real estate loans to LMI borrowers (4.4 percent by dollar volume), with LMI borrowers comprising 36.8 percent of the family population in the

assessment area. The low number of loans made to LMI borrowers is mitigated by the lack of available affordable housing and other demographic factors. Also, while not definitive, it is illustrative to compare the 2007 HMDA aggregate data to the bank’s 2008 residential real estate data which indicates that of the HMDA reporters within this assessment area, only 12.4 percent of the loans were originated to LMI borrowers.¹⁵ Therefore, the bank’s distribution of residential real estate loans is reasonable when compared to family population, demographic factors and aggregate lending data.

Similar to the borrower distribution analysis conducted for consumer and residential real estate loans, the bank’s distribution of loans to businesses with varying revenues was reviewed in light of the assessment area demographics and market lending data. The following table reflects the bank’s distribution of business loans in the Pearl River assessment area by gross annual revenue and loan amount.

Lending Distribution by Business Revenue Level				
Gross Revenue	Loan Origination Amount (in \$000s)			TOTAL
	≤\$100	>\$100≤\$250	>\$250≤\$1,000	
\$1 Million or Less	24 88.9%	1 3.7%	2 7.4%	27 100%
Greater Than \$1 Million	0 0.0%	0 0.0%	0 0.0%	0 0.0%
TOTAL	24 88.9%	1 3.7%	2 7.4%	27 100%

The preceding table demonstrates that of the 27 loans sampled, 100 percent were made to businesses with gross annual revenues of \$1 million or less. In comparison, 2008 data from Dun & Bradstreet indicates that 92.1 percent of businesses inside the Pearl River assessment area have gross annual revenues of \$1 million or less. Furthermore, the data reviewed indicates that 88.9 percent of the bank’s small business loans sampled were in amounts of \$100,000 or less, which indicates that the bank is meeting the credit needs of small businesses. In summary, the bank’s level of lending to small businesses is considered excellent.

There were no small farm loans originated in this assessment area during the evaluation period.

Overall, for the three loan products reviewed, the bank meets the standard for satisfactory performance under this criterion.

¹⁵ HMDA aggregate data represents all lending activity collected and reported under HMDA for the assessment area, based upon all financial institution required to report such data.

Geographic Distribution of Loans

As previously noted, the Pearl River assessment area contains one moderate-, six middle-, and one upper-income census tracts. The analysis in this section illustrates the distribution of the bank’s loans in all census tracts within this assessment area. The following table displays the geographic distribution of the bank’s consumer loans in comparison to household population statistics for the assessment area.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Consumer	0	6	43	26	0	75
	0.0%	8.0%	57.3%	34.7%	0.0%	100%
	\$ 0	\$ 17	\$ 299	\$ 309	\$ 0	\$ 625
	0.0%	2.7%	47.8%	49.4%	0.0%	100%
Household Population	0.0%	14.9%	60.8%	24.3%	0.0%	100%

The preceding table indicates that in the Pearl River assessment area the bank originated, by number, 8.0 percent of its consumer loans to individuals residing in moderate-income census tracts (2.7 percent by dollar volume). In comparison, the household population in the moderate-income census tracts is 14.9 percent. Based on the above comparison and the length of time the bank has operated a branch in the Pearl River assessment area, the bank’s geographic distribution of consumer loans to borrowers residing in moderate-income census tracts is reasonable.

Similar to the geographic distribution analysis conducted for the bank’s consumer loans, the geographic distribution of residential real estate loans was also analyzed, and the bank’s performance is displayed in the following table.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Residential Real Estate	0	0	8	3	0	11
	0.0%	0.0%	72.7%	27.3%	0.0%	100%
	\$ 0	\$ 0	\$ 1,111	\$ 637	\$ 0	\$ 1,748
	0.0%	0.0%	63.6%	36.4%	0.0%	100%
Owner-Occupied Housing	0.0%	12.1%	61.5%	26.4%	0.0%	100%

As illustrated in the preceding table, the bank did not originate any of its residential real estate loans in moderate-income census tracts. These numbers do not compare favorably to the level of owner-occupied homes located in moderate-income census tracts (12.1 percent). This assessment area lies in an area that still has a significant amount of FEMA housing, which was placed into service after the influx of Hurricane Katrina victims relocated to the area in 2005. Additionally, the bank has only been in this assessment area since October 2007 and is still working on constructing a traditional branch and establishing a presence. Based on these mitigating factors, the bank’s geographic distribution of HMDA loans reflects reasonable penetration throughout the Pearl River assessment area.

As with the consumer and residential real estate loan categories, the bank’s geographic distribution of business loans was also reviewed. The following table displays the results of this review, along with estimated percentages of businesses and farms located in each census tract income category used for comparison.

Distribution of Loans (Number and Dollar Volume in \$000s) Inside Assessment Area by Income Level of Geography						
Loan Type	Geography Income Classification					TOTAL
	Low-	Moderate-	Middle-	Upper-	Unknown	
2008 Small Business	0	2	16	9	0	27
	0.0%	7.4%	59.3%	33.3%	0.0%	100%
	\$ 0	\$ 446	\$ 529	\$ 811	\$ 0	\$ 1,786
	0.0%	25.0%	29.6%	45.4%	0.0%	100%
Business Institutions	0.0%	21.8%	59.4%	18.8%	0.0%	100%

The preceding table indicates that 7.4 percent of the bank’s small business loans were made to small businesses located in LMI census tracts (25.0 percent by dollar volume). The bank’s lending to businesses in moderate-income census tracts is below the data recorded by Dun & Bradstreet, which indicates that 21.8 percent of the small businesses located in the assessment area are located in LMI geographies. As mentioned earlier, the bank has only been in this area since October of 2007 and is operating from a temporary location as it builds a permanent structure. Based on this comparison, the bank’s geographic distribution of small business loans is reasonable.

There were no small farm loans originated in this assessment area during the evaluation period.

Overall, for the three loan products reviewed, the bank meets the standard for satisfactory performance under this criterion.

Appendix A

Listing of Census Tracts in Delta Assessment Area					
County	Geography Number	Geography Income Designation	MSA	Distressed or Underserved	Contains Bank Office
Coahoma	9506.00	Low	NA	No	No
Washington	0006.00	Low	NA	No	Yes
Separator					
Bolivar	9501.00	Moderate	NA	No	Yes
Bolivar	9502.00	Moderate	NA	No	No
Bolivar	9503.00	Moderate	NA	No	No
Bolivar	9504.00	Moderate	NA	No	No
Bolivar	9507.00	Moderate	NA	No	No
Coahoma	9501.00	Moderate	NA	No	Yes (2)
Coahoma	9507.00	Moderate	NA	No	No
Quitman	9501.00	Moderate	NA	No	Yes
Quitman	9503.00	Moderate	NA	No	Yes
Sunflower	9501.00	Moderate	NA	No	Yes
Sunflower	9502.00	Moderate	NA	No	Yes
Sunflower	9503.00	Moderate	NA	No	No
Sunflower	9504.00	Moderate	NA	No	No
Sunflower	9505.00	Moderate	NA	No	No
Tallahatchie	9501.00	Moderate	NA	No	No
Tallahatchie	9502.00	Moderate	NA	No	No
Tallahatchie	9503.00	Moderate	NA	No	Yes
Washington	0003.00	Moderate	NA	No	No
Washington	0004.00	Moderate	NA	No	No
Washington	0010.00	Moderate	NA	No	No
Washington	0011.00	Moderate	NA	No	No
Washington	0012.00	Moderate	NA	No	No
Washington	0013.00	Moderate	NA	No	No
Washington	0021.00	Moderate	NA	No	No
Separator					
Bolivar	9505.00	Middle	NA	Yes	No
Coahoma	9503.00	Middle	NA	Yes	No
Coahoma	9505.00	Middle	NA	Yes	Yes
Quitman	9502.00	Middle	NA	Yes	No
Sunflower	9506.00	Middle	NA	Yes	No
Tallahatchie	9504.00	Middle	NA	Yes	No
Washington	0001.00	Middle	NA	Yes	No
Washington	0002.00	Middle	NA	Yes	No

Washington	0014.00	Middle	NA	Yes	No
Washington	0015.00	Middle	NA	Yes	No
Washington	0016.00	Middle	NA	Yes	Yes
Washington	0017.00	Middle	NA	Yes	No
Washington	0020.00	Middle	NA	Yes	No
Bolivar	9506.00	Upper	NA	No	No
Coahoma	9502.00	Upper	NA	No	No
Coahoma	9504.00	Upper	NA	No	No
Sunflower	9504.01	Upper	NA	No	Yes
Washington	0007.00	Upper	NA	No	No
Washington	0008.00	Upper	NA	No	Yes
Washington	0009.00	Upper	NA	No	No

Listing of Census Tracts in Pearl River Assessment Area					
County	Geography Number	Geography Income Designation	MSA	Distressed or Underserved	Contains Bank Office
Pear River	9507.00	Moderate	NA	No	No
Pearl River	9501.00	Middle	NA	Yes	No
Pearl River	9502.00	Middle	NA	Yes	No
Pearl River	9503.00	Middle	NA	Yes	No
Pearl River	9504.01	Middle	NA	Yes	No
Pearl River	9504.02	Middle	NA	Yes	Yes
Pearl River	9506.00	Middle	NA	Yes	No
Bolivar	9505.00	Upper	NA	No	No

Appendix B

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: All Agencies have adopted the following language. 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.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- (i) Low-or moderate-income geographies;
- (ii) Designated disaster areas; or
- (ii) Distressed or underserved non-metropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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-scope 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 delineated by the United States Bureau of the Census in the most recent decennial census.

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

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

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

Limited-scope 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 a geography.

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

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

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

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

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

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

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

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

Rated area: A rated area is a state or multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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 secured either by non-farm or non-residential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by non-farm residential real estate as "small business loans" if the loans are reported on the TFR as non-mortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans

have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

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