

PUBLIC DISCLOSURE

May 21, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Old Southern Bank
Orlando, Florida

RSSDID Number: 3414046

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

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

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INSTITUTION'S CRATING

INSTITUTION'S CRATING: This institution is rated **Satisfactory**.

Old Southern Bank's average loan-to-deposit (LTD) ratio for the three quarters ended December 31, 2006, is **REASONABLE** given the institution's asset size, financial condition, length of time in operation, and competition within its assessment area. Because commercial lending is the bank's primary loan product, it was the only loan type analyzed in assessing the bank's CRA performance. A **MAJORITY** of the bank's commercial loans were extended to borrowers and businesses **IN** the assessment area. Lending to businesses of different revenue sizes is **REASONABLE**; however, the geographic distribution of loans reflects **POOR** dispersion throughout the assessment area. The bank has received no CRA related complaints. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

OldSouthernBankisadenovoinstitutionthatopenedonApril24,2006withoneofficeinClermont, Florida. A second office, opened in Orlando, Florida in August 2006, is now designated as the main office. On September 26, 2006, the bank opened another branch in Winter Park, Florida, and a fourth office opened in Altamonte Springs on March 22, 2007. As of December 31, 2006, the bank's total assets were \$103.2 million compared to \$30.4 million at opening.

OldSouthernBankisafull-servicecommunitybankthatoffersawidevarietyofdepositandloanproducts to meet community credit needs. However, the bank's primary focus is to operate as a commercial bank catering to small businesses. The bank also offers traditional consumer loan products including home improvement loans, automobile loans, and home equity lines of credit. The bank originates few residential real estate loans and does not offer adjustable-rate mortgages.

DESCRIPTION OF INSTITUTION (Continued)

The composition of the loan portfolio according to the December 31, 2006 Consolidated Reports of Condition and Income (Call Report) is displayed in the following table:

COMPOSITION OF LOAN PORTFOLIO		
Loan Type	12/31/2006	
	\$(000s)	%
Construction and Development	\$21,271	51.8%
Secured by One-to-Four-Family Dwellings	\$2,201	5.4%
Other Real Estate: Farmland	\$0	0.0%
Multifamily	\$724	1.8%
Nonfarm Nonresidential	\$14,374	35.0%
Commercial and Industrial	\$1,827	4.4%
Loans to Individuals	\$704	1.7%
Agricultural Loans	\$0	0.0%
<i>Total</i>	<i>\$41,101</i>	<i>100.0%</i>

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

As indicated by the table above, the bank's loan portfolio as of December 31, 2006 consisted primarily of construction and development loans, followed by nonfarm nonresidential loans. The bank's denovostat us was considered in evaluating its performance.

Old Southern 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 area. This is the bank's first CRA evaluation since opening.

DESCRIPTION OF ASSESSMENT AREA: Orlando-Kissimmee eMSA

Overview

OldSouthernBank’s assessment area consists of the entire Orlando-Kissimmee MSA, which includes Lake, Orange, Osceola, and Seminole Counties, Florida. The assessment area consists of 328 census tracts, 8 of which are low-income, 76 are moderate-income, 151 are middle-income, and 93 are upper-income. The bank operates four offices, three of which are in middle-income census tracts and one is in a moderate-income census tract.

As indicated earlier in this report, OldSouthernBank focuses primarily on commercial loans. Therefore, it was the only loan product reviewed to determine the bank’s performance under the CRA. The bank is not a HMDA reporter. For this reason, the discussion of the assessment area primarily focuses on business-related characteristics of the assessment area. Other statistical data are offered in this section of the report to provide a general impression of the demographics and economic environment of the area.

DESCRIPTION OF ASSESSMENT AREA: Orlando-Kissimmee eMSA (Continued)

Demographic Data by Census Tract

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

Assessment Area Demographics

Assessment Area: OldSouthernBank

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	8	2.4	5,752	1.3	2,312	40.2	79,923	18.7
Moderate-income	76	23.2	92,005	21.5	12,967	14.1	80,437	18.8
Middle-income	151	46.0	208,525	48.7	14,215	6.8	97,128	22.7
Upper-income	93	28.4	122,096	28.5	3,566	2.9	170,890	39.9
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	328	100.0	428,378	100.0	33,060	7.7	428,378	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	10,103	2,590	0.6	25.6	6,578	65.1	935	9.3
Moderate-income	157,827	74,399	17.9	47.1	66,357	42.0	17,071	10.8
Middle-income	341,030	206,804	49.9	60.6	102,917	30.2	31,309	9.2
Upper-income	174,591	130,755	31.5	74.9	34,848	20.0	8,988	5.1
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	683,551	414,548	100.0	60.6	210,700	30.8	58,303	8.5
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	1,518	1.9	1,271	1.8	198	3.0	49	1.7
Moderate-income	16,351	20.8	14,027	20.3	1,677	25.8	647	22.0
Middle-income	38,166	48.5	33,708	48.7	2,988	45.9	1,470	49.9
Upper-income	22,644	28.8	20,219	29.2	1,646	25.3	779	26.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	78,679	100.0	69,225	100.0	6,509	100.0	2,945	100.0
	Percentage of Total Businesses:			88.0		8.3		3.7

Based on 2000 Census Information.

DESCRIPTION OF ASSESSMENT AREA: Orlando-Kissimmee eMSA (Continued)

Population

OldSouthernBank’s assessment area population was 1,644,561 according to the 2000 census, representing 10.3 percent of the state of Florida’s population. Estimated census data as of July 1, 2006 indicates that the total population of the MSA increased 20.7 percent to 1,984,855, and represents approximately 11 percent of the people estimated to be residing in the state of Florida. The greatest growth in the assessment area occurred in Osceola County.

Income Characteristics

According to 2000 census data, there were 428,378 families in the assessment area. 18.7 percent were low-income, 18.8 percent were moderate-income, 22.7 percent were middle-income, and 39.9 percent were upper-income. Of total families, 7.7 percent had incomes below the poverty level. The HUD-estimated median family income for the Orlando-Kissimmee MSA in 2006 was \$57,400.

Employment Statistics

According to 2005 data from REIS, employment in the bank’s assessment area was primarily dependent on retail trade, administrative and waste services, accommodation and food services, and state and local government. The following table shows the unemployment rates for the bank’s assessment area for 2006, according to the Bureau of Labor Statistics. The annualized unemployment rate for the assessment area was slightly lower than the unemployment rate for the state of Florida in 2006.

UNEMPLOYMENT RATES 2006 (Not Seasonally Adjusted)	
Area	2006 (Annualized)
Orlando-Kissimmee MSA	3.1%
State of Florida	3.3%

DESCRIPTION OF ASSESSMENT AREA: Orlando-Kissimmee MSA (Continued)

Business Size Characteristics

The demographic table on page 5 provides key demographic business data by census tract income level within Old Southern Bank's assessment area. The table indicates that, according to the 2000 census, 88.0 percent of the businesses in the bank's assessment area were considered to be small businesses because they have total revenues less than \$1 million.

Competition

The bank operates in a highly competitive market. According to the FDIC Market Share Report as of June 30, 2006, Old Southern Bank ranked 46th out of 50 financial institutions in the assessment area with a deposit market share of 0.02 percent. The number of branches operated by a single financial institution in the assessment area ranged from 1 branch to 77 branches. Competition did not appear to significantly affect the ability of the bank to serve the credit needs of the assessment area.

Community Contacts

As a part of the CRA examination, information was obtained from one local small business-assistance organization regarding local economic conditions and community credit needs in the assessment area. The contact stated that financial institutions have been actively participating in programs that help meet the needs of small businesses. The contact also stated that new business owners face problems in accessing capital, and they often need assistance in learning how to develop a business plan before approaching a bank for financing.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Scope of Examination

The bank's CRA rating was determined using the small bank examination procedures. As noted in the Description of Institution section of this report, commercial loans were used to analyze the bank's performance under the CRA. All commercial loans originated from April 24, 2006 through December 31, 2006 were selected for review. For these loans, 2000 census demographic data was used to describe the bank's assessment area.

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

Loan Distribution Table

Assessment Area: OldSouthernBank

	Commercial Loans			
	#	%	\$(000s)	%
	By Tract Income			
Low	0	0.0%	0	0.0%
Moderate	3	3.7%	9,276	20.3%
Middle	57	69.5%	28,332	62.0%
Upper	22	26.8%	8,112	17.7%
Unknown	0	0.0%	0	0.0%
<i>Total</i>	82	100.0%	45,720	100.0%
	By Revenue			
\$1 Million or Less	46	56.1%	32,131	70.3%
Over \$1 Million	36	43.9%	13,589	29.7%
Not Known	0	0.0%	0	0.0%
<i>Total</i>	82	100.0%	45,720	100.0%
	By Loan Size			
\$100,000 or less	31	37.8%	1,537	3.4%
\$100,001-\$250,000	26	31.7%	4,845	10.6%
\$250,001-\$1 Million	14	17.1%	7,274	15.9%
Over \$1 Million	11	13.4%	32,064	70.1%
<i>Total</i>	82	100.0%	45,720	100.0%

Originations and Purchases

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (C continued)

Loan-to-Deposit Ratio Analysis

Old Southern Bank's loan to deposit ratio (LTD) is **REASONABLE** given the bank's asset size, financial condition, length of time in operation, and competition in the assessment area. The bank's average LTD for the three-quarter period ended December 31, 2006, was 88.7 percent. The bank's LTD was compared with four other financial institutions of similar asset size located in the bank's assessment area. The three-quarter average LTD's for these institutions ranged from 71.9 percent to 95.3 percent.

Assessment Area Concentration

A **MAJORITY** of Old Southern Bank's commercial loans are **IN** the bank's assessment area. An analysis of the bank's record of lending inside its assessment area was conducted. The review consisted of an analysis of 105 commercial loans originated during the review period. As illustrated in the following table, 78.1 percent of the loan volume by number of the bank's commercial loans were made inside the bank's assessment area. Also, 67.9 percent of the loan volume by dollar amount was inside the bank's assessment area.

Lending Inside and Outside the Assessment Area

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
COMMERCIAL LOANS	82	78.1	\$45,720	67.9	23	21.9	\$21,653	32.1

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (C continued)

Lending to Businesses of Different Sizes

The 82 commercial loans that were located within the Southern Bank's performance of lending to businesses small business lending by business revenue size was limited number of loans originated because of the bank's performance context issue.

The bank's assessment area were analyzed to assess Old Southern Bank's performance of lending to businesses of different sizes. For this analysis, the distribution of small business lending by business revenue size was compared to available demographic information. The bank's de novo status was considered as a significant

Of the 82 commercial loans originated in the bank's assessment area during the review period, 56.1 percent were extended to businesses with gross annual revenues of \$1 million or less, compared to 88 percent of the businesses in the assessment area considered to be small businesses. However, 57 (69.5 percent) of the small business loans originated were in amounts of \$250,000 or less, indicating the bank's willingness to make small loans, which small businesses are more likely to seek. According to Vice President/Loan Operations Nathan Mann, the bank's credit policy states that, for safety and soundness reasons, the bank will only make loans to businesses that have been in operation for at least four years. Furthermore, included in the 82 loans are multiple loans to several large businesses. Based on these performance context factors, Old Southern Bank's record of lending to businesses of different sizes is considered **REASONABLE**.

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Geographic Distribution of Loans

For this analysis, the geographic distribution of the bank's commercial lending was compared with the demographic information available. Performance context issues were considered, as well as the performance of other banks. Of the 82 commercial loans originated that were in the bank's assessment area, no loans were extended to businesses in low-income census tracts, where only 1.8 percent of the small businesses are located. In addition, only 3.7 percent of the bank's commercial loans were extended to businesses in moderate-income census tracts, compared to the 20.3 percent of small businesses located in these tracts. However, 20.3 percent of the dollar volume associated with the 82 loans was extended in moderate-income tracts. The majority of commercial loans (69.5 percent) were originated in middle-income tracts where 48.7 percent of small businesses are located. As mentioned, the bank currently has no branches in low-income census tracts and one branch in a moderate-income tract.

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Based on the above factors, the geographic distribution of commercial loans reflects **POOR** dispersion throughout the assessment area.

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CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (C continued)

Complaints

No CRA-related complaints have been received since the bank opened for business.

Compliance with Antidiscrimination Laws

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

APPENDIXA–SCOPEOFEXAMINATION

TIMEPERIODREVIEWED			
April24,2006–December31,2006			
FINANCIALINSTITUTION			PRODUCTSREVIEWED
OldSouthernBank,Orlando,Florida			CommercialLoans
AFFILIATE(S)	AFFILIATERELATIONSHIP		PRODUCTSREVIEWED
None	NotApplicable		None
LISTOFASSESSMENTAREASANDTYPEOFEXAMINATION			
ASSESSMENTAREA	TYPE OFEXAMINATION	BRANCHES VISITED	OTHERINFORMATION
Orland-Kissimmee,Florida MSA	FullScope	Mainoffice	

APPENDIXB-GLOSSARY

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

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

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

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

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

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

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 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 geography.

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

APPENDIXB–GLOSSARY(Continued)

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

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

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

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

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

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

APPENDIX C: GENERAL INFORMATION AND DEFINITIONS

GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of Old Southern Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of May 21, 2007. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

Income Definitions

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

Low-Income- An individual income, or median family income for geographies, that is less than 50 percent of the area median income.

Moderate-Income- An individual income, or median family income for geographies, that is at least 50 percent but less than 80 percent of the area median income.

Middle-Income- An individual income, or median family income for geographies, that is at least 80 percent but less than 120 percent of the area median income.

Upper-Income- An individual income, or median family income for geographies, that is 120 percent or more of the area median income.

APPENDIX C: GENERAL INFORMATION AND DEFINITIONS (Continued)

Other Definitions

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

Rounding Convention

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