

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**  
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### FILER

#### **BANKERS FIRST CORP**

CIK: **732640** | IRS No.: **581529166** | State of Incorpor.: **GA** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-12120** | Film No.: **00000000**  
SIC: **6035** Savings institution, federally chartered

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarterly Period Ended March 31, 1995  
Commission file number 0-12120

Bankers First Corporation

(Exact name of registrant as specified in its charter)

Georgia 58-1529166

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One 10th Street, Augusta, Georgia 30901

(Address of principal executive offices) (Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

CLASS	Outstanding at April 26, 1995
Common Stock, \$.01 Par Value	4,727,153 Shares

BANKERS FIRST CORPORATION AND SUBSIDIARIES  
FORM 10-Q  
FOR THE QUARTER ENDED MARCH 31, 1995

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BANKERS FIRST CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	March 31, 1995	December 31, 1994
	----- (Unaudited) <C>	----- <C>
<b>&lt;S&gt;</b>		
<b>ASSETS</b>		
Cash and amounts due from depository institutions	\$ 23,566	26,017
Interest-bearing deposits in other financial institutions	5,898	3,178
Investment securities available for sale	55,332	44,816
Investment securities held to maturity (market value \$48,987 in 1995 and \$50,988 in 1994)	49,589	52,377
Federal Home Loan Bank stock	12,950	13,845
Loans receivable, net	910,396	878,892
Accrued interest receivable	6,474	6,334
Investment properties, net	14,578	14,846
Real estate owned, net	4,010	3,504
Premises and equipment, net	16,593	15,631
Cost in excess of net assets acquired	5,019	2,794
Other assets	2,533	1,613
	-----	-----
Total assets	\$1,106,938	1,063,847
	=====	=====
<b>LIABILITIES</b>		
Deposits	\$ 733,529	683,881
Retail repurchase agreements	15,118	18,588
Advance payments by borrowers for taxes and insurance	3,441	2,414
Other borrowings	253,090	257,295
Deferred income taxes	940	888
Other liabilities	11,987	16,320
	-----	-----
Total liabilities	1,018,105	979,386
	-----	-----
<b>STOCKHOLDERS' EQUITY:</b>		
Serial preferred stock, \$.01 par value; authorized 7,500,000 shares; none outstanding	-	-
Common stock, \$.01 par value; authorized 12,500,000 shares; issued and outstanding 4,725,246 shares in 1995 and 4,500,442 shares in 1994	\$ 47	45
Additional paid-in capital	56,586	55,222
Retained earnings (substantially restricted)	34,221	31,661
Loans to Employee Stock Ownership Plan and others	(2,402)	(2,286)
Net unrealized holding gains/(losses) on investment securities available for sale	381	(181)
	-----	-----

Total stockholders' equity	88,833	84,461
	-----	-----
Total liabilities and stockholders' equity	\$1,106,938	1,063,847
	=====	=====
Book value per share	\$ 18.80	\$ 18.77
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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BANKERS FIRST CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
(Dollars in thousands, except per share amounts)

<TABLE>

<CAPTION>

Three Months Ended  
March 31,

-----  
1995            1994  
-----

<S>

INTEREST INCOME:

Interest on loans	\$ 18,552	13,937
Interest on investment securities	1,818	2,235
Dividends on Federal Home Loan Bank stock	242	125
Other	124	62
	-----	-----

Total interest income	20,736	16,359
-----------------------	--------	--------

INTEREST EXPENSE:

Interest on deposits	7,370	6,244
Interest on retail repurchase agreements	118	93
Interest on other borrowings	3,914	2,332
	-----	-----

Total interest expense	11,402	8,669
------------------------	--------	-------

Net interest income	9,334	7,690
---------------------	-------	-------

PROVISION FOR LOAN LOSSES	300	250
	-----	-----

Net interest income after provision for loan losses	9,034	7,440
---	-------	-------

PROVISION FOR REAL ESTATE LOSSES	100	350
	-----	-----

OTHER INCOME:

Loan servicing fees	57	53
Loan fees and service charges	253	241
Service charges on deposit accounts	1,293	1,137
Gain (loss) on sale of loans	98	(162)
Gain (loss) on sale of investment securities	(9)	1,862
Real estate operations	402	51
Other	46	61
	-----	-----

Total other income	2,140	3,243
--------------------	-------	-------

OPERATING EXPENSE:

Salaries and employee benefits	2,863	2,441
Net occupancy expense	1,149	994
Advertising and promotion	207	199
FDIC insurance premiums	461	453
Other	1,331	1,191
	-----	-----

Total operating expense	6,011	5,278
-------------------------	-------	-------

Amortization of costs in excess of net assets acquired	233	148
	-----	-----

Total noninterest expense	6,244	5,426
---------------------------	-------	-------

Net noninterest expense	4,204	2,533
	-----	-----

Income before income tax and extraordinary item	4,830	4,907
---	-------	-------

INCOME TAX EXPENSE	1,568	1,639
	-----	-----

Income before extraordinary item	3,262	3,268
----------------------------------	-------	-------

Extraordinary item, net	-	(908)
	-----	-----

NET INCOME	\$ 3,262	2,360
	=====	=====

PRIMARY EARNINGS PER SHARE:

Income before extraordinary item	\$ 0.65	0.66
Extraordinary item, net	-	(0.18)
	-----	-----
Net income	\$ 0.65	0.48
	=====	=====
Weighted average common and common equivalent shares (in thousands)	5,024	4,921
	=====	=====
FULLY DILUTED EARNINGS PER SHARE:		
Income before extraordinary item	\$ 0.65	0.66
Extraordinary item, net	-	(0.18)
	-----	-----
Net income	\$ 0.65	0.48
	=====	=====
Weighted average common and common equivalent shares (in thousands)	5,044	4,923
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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BANKERS FIRST CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Three Months Ended March 31,	
	1995	1994
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 3,262	2,360
Adjustments to reconcile net income to net cash provided (used) by operations:		
Provision for loan and real estate losses	400	600
Depreciation and amortization	481	554
Amortization of cost in excess of net assets acquired	233	148
Amortization and accretion, net	28	105
(Gain) loss on sale of loans	(98)	162
(Gain) loss on sale of investment securities	9	(1,862)
(Gain) loss on sale of real estate, premises, and equipment	(519)	(488)
FHLB stock purchases, net of redemptions and stock dividends	895	(846)
Net change in other assets and accrued interest receivable	(1,060)	233
Net change in other liabilities, accrued interest on deposits, and deferred income taxes	(3,609)	5,488
	-----	-----
Net cash provided (used) by operating activities	22	6,454
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investment securities available for sale	(14,606)	(2,000)
Proceeds from sale and redemption of investment securities available for sale	1,991	5,322
Proceeds from maturity and principal collections of investment securities available for sale	2,946	7,742
Proceeds from maturity and principal collections of investment securities held to maturity	2,758	4,227
Loan originations net of principal collections	(21,710)	(62,692)
Purchases of loans	(21,000)	(2,326)
Proceeds from sale of loans	10,785	19,716
Net additions to premises and equipment	(458)	(194)
Improvements and additions to real estate owned and investment property	(664)	(379)
Proceeds from sale of real estate and investment property	1,245	1,721
	-----	-----
Net cash provided (used) by investment activities	(38,713)	(28,863)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in deposit accounts	(7,174)	5,604
Net change in retail repurchase agreements	(3,470)	(56)
Proceeds from long-term borrowings	-	-
Repayments of long-term borrowings	(220)	(18,280)
Net change in short-term borrowings	(3,900)	43,000
Net change in advance payments by borrowers for taxes and insurance	1,027	640
Dividends paid	(702)	(445)
Proceeds from exercise of stock options and dividend reinvestment	1,165	95
Cash received on purchase of branches	52,234	-
	-----	-----

Net cash provided (used) by financing activities	38,960	30,558
	-----	-----
Increase (decrease) in cash and cash equivalents	269	8,149
Cash and cash equivalents at beginning of year	29,195	26,814
	-----	-----
Cash and cash equivalents at end of period	\$ 29,464	34,963
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 10,123	7,720
Income Taxes	329	35
NONCASH TRANSACTIONS-OTHER:		
Transfer of loans to and write downs of repossessed assets	532	809
Financing provided on sales of real estate	258	344

</TABLE>

See accompanying notes to consolidated financial statements.

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#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

##### 1. Summary of Significant Accounting Policies

The accompanying Consolidated Statement of Financial Condition as of March 31, 1995, and the related Consolidated Statements of Operations for the three month periods ended March 31, 1995 and 1994, and the Consolidated Statements of Cash Flows for the three month periods ended March 31, 1995 and 1994 are unaudited. In the opinion of Management, all eliminations and adjustments necessary for a fair presentation have been made; however, the statements were prepared in accordance with the instructions for preparation of Securities and Exchange Commission Form 10-Q and do not include all information and disclosures necessary for fair presentation in accordance with generally accepted accounting principles. These financial statements should, therefore, be read in conjunction with management's discussion and analysis of the complete Annual Report for the year ended December 31, 1994 which was filed with the Company's most recent Form 10-K.

Operating results for the three month period ended March 31, 1995 are not necessarily indicative of the results that may be expected for the year. Adjustments to the balance sheet and income statement are typically of a normal, recurring nature. Any adjustments not meeting this criteria are disclosed in Management's Discussion and Analysis of Financial Condition and Results of Operations or Notes to the Consolidated Financial Statements.

Certain amounts in the prior year Financial Statements have been reclassified to conform with current year presentation.

##### 2. Recent Accounting Pronouncements

In May 1993, the Financial Accounting Standards Board issued Statement of Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan." SFAS 114 requires impaired loans to be measured based on the present value of expected future cash flows, discounted at the loan's effective interest rate, or at the loan's observable market price, or at the fair value of the collateral if the loan is collateral dependent, beginning in 1995. Loans that are determined to be impaired require a valuation allowance equivalent to the amount of impairment. The valuation allowance is to be established by a charge to the provision for loan losses. In October 1994, the Financial Accounting Standards Board issued Statement No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures," which amends the requirements of SFAS 114 regarding interest income recognition and related disclosure requirements. Initial adoption of SFAS 114 and SFAS 118 must be reflected prospectively.

The Company adopted SFAS 114 and SFAS 118 on January 1, 1995, and the impact to the consolidated financial statement was not material. At March 31, 1995, the recorded investment in loans that are considered to be impaired under SFAS 114 was \$4.2 million (of which \$2.7 million were classified as nonaccrual). Included in this amount is \$1.8 million of impaired loans for which the allowance for credit losses is \$0.4 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS FOR THE QUARTERS ENDED MARCH 31, 1995 AND 1994

Net interest income increased \$1.6 million compared to the 1994 quarter principally due to a \$158.4 million increase in average earning assets, a \$146.7 million increase in average interest bearing liabilities and a 3 basis point increase in the interest spread. For the 1994 and 1995 quarters respectively, the yield on average earning assets increased from 7.67% to 8.20%; however, the increase in yield was partially offset by an increase in the average rate paid on interest-bearing liabilities from 4.20% to 4.70%. As a result of the above changes in earning assets and interest bearing liabilities, the net interest margin increased to 3.64% in the 1995 quarter from 3.56% in 1994.

The provision for loan losses was \$300 thousand compared to \$250 thousand in the 1994 quarter. Net loan charge offs were \$162 thousand versus \$498 thousand in 1994. The provision for real estate losses was \$100 thousand compared to \$350 thousand in 1994. At March 31, 1995 the allowance for loan losses was \$7.8 million or 0.86% of net loans and 0.71% of total assets. Loan loss reserves to non-performing loans was 212.8%. The coverage ratio, loan loss reserves to non-performing loans and real estate owned, was 102.0%.

Other income for the quarter was \$2.1 million compared to \$3.2 million in the year earlier period. Service charges on deposit accounts were \$156 thousand higher due to a \$24.4 million increase in average checking account balances. Real estate operations income increased \$0.4 million from 1994 levels primarily due to \$0.1 million of nonrecurring gains in the 1995 quarter and \$0.1 million of nonrecurring losses in the 1994 quarter. Other income in the 1994 quarter included a \$1.9 million nonrecurring gain on the sale of 317 thousand shares of Synovus Financial Corp. common stock. This gain was partially offset by a \$0.4 million nonrecurring charge for the write down of the present value of loan servicing rights. The remaining balance at March 31, 1995 of excess loan servicing rights is \$0.7 million.

Operating expenses were \$6.0 million compared to \$5.3 million for the 1994 quarter. The overhead ratio, general and administrative expense to average assets, improved to 2.22% in 1995 from 2.28% in 1994. The efficiency ratio, general and administrative recurring expense divided by net interest income and other recurring income, was 52.90% in 1995 compared to 54.29% in 1994.

Income tax expense for the 1995 quarter was \$1.6 million or 32.5% of income before tax compared to \$1.6 million or 33.4% for the same 1994 period. The corporate income tax rate for 1995 and 1994 differs from the Company's actual effective tax rate principally due to the reduction of the tax valuation allowance for deferred state income tax benefits.

In the 1994 quarter, \$28.0 million of FHLB advances were prepaid and an extraordinary charge of \$908 thousand net of income tax benefit was recognized.

SCHEDULE I  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
PROFITABILITY & OVERHEAD RATIOS

<TABLE>

<CAPTION>

	1995		1994		1993	
	3/31	12/31	9/30	6/30	3/31	12/31
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PROFITABILITY						
Yield on Earning Assets	8.20 %	8.02	7.90	7.67	7.67	7.85
Cost of Funds	4.70	4.40	4.16	4.07	4.20	4.32
Interest Spread	3.50	3.62	3.74	3.60	3.47	3.53

Net Interest Margin	3.64	3.74	3.86	3.70	3.56	3.58
Net Non-Interest	1.55	1.34	1.77	1.63	0.94	1.65
Return on Assets	1.20	1.15	1.12	1.09	1.02	0.96
Return on Equity	15.05	14.52	13.92	13.23	12.20	11.64
OVERHEAD						
G&A/Average Assets	2.22 %	2.20	2.33	2.30	2.28	2.32
Amortization of Goodwill/Average Assets	0.09	0.08	0.07	0.06	0.06	0.07
Compensation/Average Assets	1.06	1.06	1.05	1.05	1.05	1.02
Occupancy/Average Assets	0.42	0.46	0.46	0.45	0.43	0.44
Number of Employees (FTE's)	380	372	372	350	351	351
Dollars of Assets per Employee (in millions)	\$ 2.85	2.83	2.77	2.74	2.63	2.59
GAP						
One Year Gap	1.49 %	3.25	6.84	6.66	5.68	11.19

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#### ASSET/LIABILITY MANAGEMENT

##### SUMMARY

The Company utilizes Sendero Asset/Liability modeling software to measure and monitor its exposure to interest rate risk. Using this software, the duration and repricing periods of earning assets and interest bearing liabilities are projected and measured under various interest rate scenarios on a quarterly basis. Based on this analysis, strategies are developed to achieve returns that are within the guidelines of the Company's interest rate risk policy. This model provides two primary measures of interest rate risk: rate shock analysis and the Asset/Liability Gap ratio.

##### INTEREST RATE SENSITIVITY

Rate shock analysis provides a dynamic measurement of interest rate sensitivity. The rate shock model assumes an immediate and sustained change in the level of interest rates. Rate changes are computed in 100 basis point increments ranging from a minus 400 basis point decline to a positive 400 basis point increase in interest rate levels. It is unlikely that an immediate and sustained change in interest rate of this magnitude would occur. Historically, interest rates generally increase or decrease over a period of time in what is categorized as a rate cycle. The hypothetical modeling of an instantaneous rate shock provides insight as to the potential impact on the Company's equity capital and its profitability under these circumstances.

For example, the results of the rate shock analysis at March 31, 1995 indicate that an immediate and sustained change caused by a 100 basis point increase in interest rates would produce a decline in the projected annual net interest margin of 9 basis points. A 100 basis point decrease in interest rates would result in a 18 basis point increase in the projected net interest margin for the same period. As measured by the interest rate shock analysis, the Company has developed strategies to achieve targeted returns under various interest rate scenarios. However, since all interest rates do not adjust concurrently, this analysis is only an indicator of the sensitivity to changes in interest rates.

##### ASSET/LIABILITY GAP RATIO

Another measure of interest rate risk is the Asset/Liability Gap ratio. Over the past two years the one year Gap ratio has ranged between 11.19% and 1.49%. At March 31, 1995 the one year Gap ratio was 1.49% with 62.3% of total rate sensitive assets and 63.3% of total rate sensitive liabilities scheduled to reprice within twelve months compared to 59.9% and 55.3%, respectively, a year earlier. Schedule I summarizes the one year Gap ratio for the most recent six quarters. Schedule II shows the current Gap position by type of rate sensitive assets and liabilities and by major repricing period.

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#### SCHEDULE II BANKERS FIRST CORPORATION AND SUBSIDIARIES GAP ANALYSIS AT MARCH 31, 1995



(Dollars in thousands)

<TABLE>  
<CAPTION>

	Six Months or Less	Six Months to One Year	One to Three Years	Three to Five Years	Over Five Years	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
RATE SENSITIVE ASSETS						
Loans	\$ 394,274	187,185	183,968	64,905	88,356	918,688
Investment securities	28,926	20,545	35,069	10,560	9,821	104,921
FHLB Stock	12,950	-	-	-	-	12,950
Deposit funds	5,898	-	-	-	-	5,898
Total	442,048	207,730	219,037	75,465	98,177	1,042,457
RATE SENSITIVE LIABILITIES						
Deposits	200,113	237,679	145,532	53,424	95,109	731,857
Borrowings	180,444	15,000	51,326	20,000	1,438	268,208
Total	380,557	252,679	196,858	73,424	96,547	1,000,065
GAP POSITION						
Asset (liability) Gap Position	\$ 61,491	(44,949)	22,179	2,041	1,630	42,392
Cumulative Asset (liability) Gap	\$ 61,491	16,542	38,721	40,762	42,392	42,392
Gap Position as a percentage of total assets	5.56 %	1.49	3.50	3.68	3.83	3.83
GAP POSITION AT DECEMBER 31, 1994:						
Asset (liability) Gap Position	\$ 38,204	(3,621)	1,294	2,410	3,653	41,940
Cumulative Asset (liability) Gap	\$ 38,204	34,583	35,877	38,287	41,940	41,940
Gap Position as a percentage of total assets	3.59 %	3.25	3.37	3.60	3.94	3.94

</TABLE>

The difference between the amount of interest sensitive assets and interest sensitive liabilities to be repriced during a specified time period is referred to as the "asset(liability) gap position". The classification and availability of interest sensitive assets and liabilities available for repricing is determined as follows: (1) loans tied to the base lending rate or other indices depend on the time the adjustments may occur; (2) loans with stated call dates are amortized without any prepayment assumption with the balance at the call date reflected in that period; (3) other loans are amortized using market based prepayment assumptions; (4) investments are categorized by stated maturity; (5) regular savings and regular NOW accounts are considered to be interest sensitive and are amortized using projected deposit repricing rates; (6) money market deposit accounts, Super NOW accounts, and repurchase agreements are subject to rate change daily; and (7) other deposits and borrowings are shown by stated maturity. Management believes that the above prepayment and withdrawal assumptions are reasonable based upon the Company's historical experience.

The Company manages its Asset/Liability position by selling all 30 year fixed rate loan production, originating and retaining adjustable rate mortgages and shorter-term loans, and by

using funding sources, such as core deposits, longer term certificates of deposit and long-term borrowings, that provide durations similar to the assets held in portfolio.

At March 31, 1995, the Company did not have any futures, swaps or option contracts. The Company has commitments to originate, purchase and sell loans. These commitments are in the normal course of business and in the opinion of management do not involve more than the normal risk of loss.

LOAN PORTFOLIO

During the first quarter of 1995, net loans receivable grew by \$31.5 million with residential real estate and residential construction loans accounting for \$19.6 million and \$6.0 million, respectively, of the increase. Residential loan originations were \$39.5 million, down \$3.7 million from prior quarter levels due to the rise in interest rates. Purchases of residential loans decreased \$4.6 million to \$21.1 million for the quarter. Residential loan sales in the secondary market of 30 year fixed rate loans were \$10.7 million compared to \$15.2 million in the prior quarter. The consumer loan portfolio increased \$6.4 million over the prior quarter as consumer loan demand remained strong. Schedule III provides detail of the loan portfolio mix at March 31, 1995 and December 31, 1994. Schedule V provides a summary of loan origination, sales, and payments for the last six quarters.

SCHEDULE III  
BANKERS FIRST CORPORATION  
LOAN PORTFOLIO  
(Dollars in thousands)

<TABLE>

<CAPTION>

	3/31/95		12/31/94	
	Amount	Percent	Amount	Percent
<S>	<C>	<C>	<C>	<C>
LOANS				
Loans held for sale	\$ 2,882	0.32 %	\$ 1,353	0.15 %
Construction - Residential (Net)	52,838	5.80	46,830	5.33
Construction - Commercial (Net)	11,431	1.26	11,201	1.27
Residential real estate	485,206	53.30	465,560	52.97
Commercial real estate	168,365	18.49	170,504	19.40
Commercial and corporate	18,614	2.04	18,754	2.13
Consumer	180,154	19.79	173,789	19.77
	-----	-----	-----	-----
Gross loans	919,490	101.00	887,991	101.04
LESS:				
Unearned interest income and deferred loan fees	1,246	0.14	1,389	0.16
Allowance for losses	7,848	0.86	7,710	0.88
	-----	-----	-----	-----
NET LOANS	\$ 910,396	100.00 %	\$ 878,892	100.00 %
	=====	=====	=====	=====

</TABLE>

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SCHEDULE IV  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
ALLOWANCE FOR LOAN LOSSES  
(Dollars in thousands)

<TABLE>

<CAPTION>

	1995	1994				1993	
	3/31	12/31	9/30	6/30	3/31	12/31	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Allowance for Losses Beginning of Period	\$ 7,710	8,782	8,863	8,527	8,775	9,000	
Provision for Loan Losses	300	1,100	200	250	250	69	
RECOVERIES							
Real Estate Loans:							
Residential	2	2	23	9	-	-	
Commercial	-	3	16	321	5	65	
Commercial & Industrial	13	12	-	-	-	7	
Consumer	89	91	89	108	77	81	
	-----	-----	-----	-----	-----	-----	
Total Recoveries	104	108	128	438	82	153	
LOSSES CHARGED TO							
Real Estate Loans:							
Residential	27	370	68	30	36	132	
Commercial	26	1,711	156	123	367	132	
Commercial & Industrial	23	25	18	62	43	11	

Consumer	190	174	167	137	134	172
Total Charge-Offs	266	2,280	409	352	580	447
Net Charge-Offs	162	2,172	281	(86)	498	294
Allowance for Losses End of Period	\$ 7,848	7,710	8,782	8,863	8,527	8,775
Allowance for losses as a percentage of non-performing assets	101.95 %	121.11	118.97	101.92	82.11	68.12

ALLOCATION OF ALLOWANCE FOR LOAN LOSSES

Real Estate Loans:						
Residential	\$ 1,415	1,442	2,815	2,861	2,882	2,890
Commercial	2,796	2,610	3,150	3,290	3,091	3,422
Commercial & Industrial	1,641	1,650	756	774	836	879
Consumer	1,996	2,008	2,061	1,938	1,718	1,584
Allowance for Losses End of Period	\$ 7,848	7,710	8,782	8,863	8,527	8,775

</TABLE>

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SCHEDULE V  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
LOAN ACTIVITIES  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	1995		1994		1993	
	3/31	12/31	9/30	6/30	3/31	12/31
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Loans Outstanding Beginning of Period	\$ 887,991	854,133	792,895	734,233	690,249	664,006
ORIGINATED						
Residential Construction	11,200	11,744	11,854	13,461	19,165	14,672
Other Residential	28,274	31,401	39,163	48,039	48,399	67,254
Commercial Real Estate	7,494	6,267	9,153	10,117	6,536	9,062
Other	32,506	33,709	38,090	43,528	58,825	29,914
Total Originated	79,474	83,121	98,260	115,145	132,925	120,902
PURCHASED						
Residential Construction	9,532	7,931	8,354	4,340	1,353	3,677
Other Residential	11,553	17,795	25,457	14,390	977	-
Total Purchased	21,085	25,726	33,811	18,730	2,330	3,677
SOLD						
Residential Construction	-	-	-	-	-	-
Other Residential	10,687	15,174	10,080	12,052	19,716	33,597
Commercial Real Estate	-	8,601	-	-	-	-
Other	-	-	-	-	-	4,952
Total Sold	10,687	23,775	10,080	12,052	19,716	38,549
Net Payments and Swaps	(58,373)	(51,214)	(60,753)	(63,161)	(71,555)	(59,787)
Gross Loans Outstanding End of Period	\$ 919,490	887,991	854,133	792,895	734,233	690,249

</TABLE>

ASSET QUALITY

Non-performing assets at March 31, 1995 were \$7.7 million, a decrease

of \$2.7 million or 25.9% from 1994 levels. As a percent of total assets, non-performing assets were 0.70% in 1995 compared to 1.09% a year earlier.

Non-performing assets consist of non-accrual loans and real estate acquired by foreclosure or by deed in lieu of foreclosure. Non-accrual loans represent loans that are 90 days delinquent (120 days for credit card loans) on which interest is not accrued. Real estate acquired by foreclosure or through in substance foreclosure is stated at the lower of cost or fair value less estimated disposal costs at foreclosure. A valuation allowance is established for subsequent reductions to the carrying value of repossessed real estate.

Restructured loans at March 31, 1995 were \$2.4 million down \$7.7 million or 76.3% from a year earlier. Restructured loans as a percent of total assets were 0.21%.

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Restructured loans consist of loans that are made with terms that are concessions from the Company's normal lending policies.

Schedule VI provides additional information on changes in non-performing assets, restructured loans and performing loans 90 days past due for the last six quarters.

Loans that are 90 days delinquent as to principal or interest are reviewed for nonaccrual status. Nonaccrual status refers to loans no longer accruing interest. If collection of interest is less than probable or the collection of principal is doubtful, accrual of interest income is discontinued and previously accrued interest is reversed. Interest income on nonaccrual loans is recognized on a cash basis. Loans that are not well secured and in the process of collection are placed on nonaccrual.

Well secured refers to debt collateralized in the form of liens on or pledges of real or personal property, including securities, that is secured to the net realizable value of the recorded investment. Debt is also considered to be well secured if guaranteed by a financially responsible party with the capacity to repay the debt.

In process of collection refers to actions to collect the debt in due course either through legal action, including judgment enforcement procedures or, in appropriate circumstances, through collection efforts not involving legal action which are reasonably expected to result in repayment of the debt or in its restoration to a current status. A loan is considered to be in process of collection when, based upon a probable specific event such as the closing of a negotiated sales contract, it is expected that the loan will be repaid or brought current. There must be evidence that collection in full of amounts due and unpaid will occur shortly. The timing and amount of repayment should be certain and should occur within 90 days from the date of review by the Credit Policy Committee.

As illustrated in Schedule VII, of total non-performing assets, 61.7% are located in major metropolitan areas of Georgia, South Carolina and Tennessee. The diversified economic base of these areas and their proximity to the Company's banking operations are expected to be strong factors in reducing the level of non-performing assets. However, further declines in commercial real estate and real estate construction markets or in other economic sectors could potentially result in increased levels of charge-offs, non-performing assets and provision for loan losses.

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SCHEDULE VI  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
NON-PERFORMING ASSETS, RESTRUCTURED LOANS AND 90 DAY PAST DUE LOANS  
(Dollars in thousands)

<TABLE>

<CAPTION>

	1995		1994		1993	
	3/31	12/31	9/30	6/30	3/31	12/31
<S>	<C>	<C>	<C>	<C>	<C>	<C>

NON-PERFORMING ASSETS						
Nonaccrual Loans	\$ 3,688	2,862	2,581	3,143	3,186	5,416
Assets Acquired by Foreclosure	4,010	3,504	4,751	5,553	7,199	7,466
	-----	-----	-----	-----	-----	-----
Total Non-Performing Assets	7,698	6,366	7,332	8,696	10,385	12,882
RESTRUCTURED LOANS						
	2,397	2,424	8,384	10,083	10,100	8,473
PERFORMING LOANS - 90 DAYS PAST DUE						
	1,749	2,188	1,607	1,166	2,050	1,994
	-----	-----	-----	-----	-----	-----
Total NPA, Restructured & 90 Day Past Due	\$ 11,844	10,978	17,323	19,945	22,535	23,349
	=====	=====	=====	=====	=====	=====
AS A PERCENTAGE OF TOTAL ASSETS						
Non-Performing Assets	0.70 %	0.60	0.70	0.89	1.09	1.42
Restructured Loans	0.21	0.23	0.81	1.02	1.07	0.93
Performing Loans - 90 Days Past Due	0.16	0.21	0.15	0.12	0.21	0.21
	-----	-----	-----	-----	-----	-----
Total	1.07 %	1.04	1.66	2.03	2.37	2.56
	=====	=====	=====	=====	=====	=====

</TABLE>

SCHEDULE VII  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
NON-PERFORMING ASSETS BY GEOGRAPHIC LOCATION AND LOAN TYPES  
MARCH 31, 1995  
(Dollars in thousands)

<TABLE>  
<CAPTION>

MSA/STATE	Residential			Commercial		Other		Total
	A&D	Const	Perm	Const	Perm	Corp	Cons	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Atlanta, GA	\$ -	-	241	-	320	-	-	561
Augusta, GA/SC	25	649	758	-	822	620	847	3,721
Chattanooga, TN/GA	-	46	137	-	-	39	-	222
Savannah, GA	-	14	-	-	75	153	-	242
Other - GA, SC, TN	-	-	-	86	1,390	-	-	1,476
	-----	-----	-----	-----	-----	-----	-----	-----
Total GA, SC, TN	25	709	1,136	86	2,607	812	847	6,222
Other	-	-	604	-	-	-	872	1,476
	-----	-----	-----	-----	-----	-----	-----	-----
Total	\$ 25	709	1,740	86	2,607	812	1,719	7,698
	=====	=====	=====	=====	=====	=====	=====	=====

</TABLE>

SCHEDULE VIII  
BANKERS FIRST CORPORATION AND SUBSIDIARIES  
PERFORMING COMMERCIAL REAL ESTATE AND CONSTRUCTION LOANS BY GEOGRAPHIC  
LOCATION  
MARCH 31, 1995  
(Dollars in thousands)

<TABLE>  
<CAPTION>

MSA/STATE	<C>	<C>
<S>		
Atlanta, GA	\$ 41,367	23.37 %
Augusta, GA/SC	74,098	41.86
Chattanooga, TN/GA	1,960	1.11
Savannah, GA/SC	15,314	8.65
Other - GA, SC, TN	35,493	20.05
	-----	-----
Total GA, SC, TN	168,232	95.04
FL, NC, VA	8,779	4.96
	-----	-----

Total \$ 177,011 100.0 %  
 =====

</TABLE>

LIQUIDITY

The Company's principal sources of funds are deposits, principal and interest payments on loans and mortgage-backed securities, proceeds from the sale of loans and securities, FHLB advances, other borrowings, and earnings on investments.

The principal uses of funds are the origination and purchase of loans, acquisition of investment and mortgage-backed securities, interest payments on deposits and borrowings, payment for maturing certificates, repayments of borrowings and other operating expenses. Schedule V summarizes loan origination, sale, payment and swap activity for the past six quarters.

During the March 1995 quarter, Bankers First acquired branch operations in Dublin and Chatsworth, Georgia totaling \$55.9 million in deposits and received \$52.2 million in cash, \$0.3 million in loans and \$3.4 million of other assets. The cash proceeds from the acquisition were used to pay down FHLB advances.

At March 31, 1995, the Company maintained \$23.6 million in cash and \$104.9 million in investments. Approximately 47.2% of the investment portfolio matures or reprices within twelve months. The average balance sheets with related yield and cost data presented in Schedule IX provide additional liquidity information.

SCHEDULE IX  
 BANKERS FIRST CORPORATION AND SUBSIDIARIES  
 AVERAGE BALANCES WITH YIELD/COST FOR PERIOD:  
 (Dollars in thousands)

<TABLE>  
 <CAPTION>

	Quarter ending March 31, 1995		12 Month Average 1994	
	Avg. Bal.	Rate	Avg. Bal.	Rate
<S>	<C>	<C>	<C>	<C>
<b>EARNING ASSETS</b>				
Investment portfolio	\$ 30,654	7.45	36,173	6.42
FHLB Stock	13,553	7.14	11,342	6.23
Mortgage Backed Securities	78,207	7.05	92,815	6.48
Residential Construction	49,559	9.53	36,357	8.52
Commercial Construction	11,414	8.74	13,897	7.99
For Sale Residential	1,353	10.64	3,090	5.11
Residential Fixed Rate	235,921	7.66	202,956	7.73
Residential ARM/GPM/Balloon	239,185	7.14	200,890	6.93
Commercial Fixed Rate	11,544	10.74	12,927	10.85
Commercial Adj/Baln/Float	156,256	8.99	153,463	8.28
Corporate Loans	18,748	8.48	16,340	8.68
Consumer Credit Cards	12,910	13.94	11,858	13.05
Consumer Single Payment	3,172	9.46	2,816	8.06
Consumer Add-On	3,166	7.08	3,742	6.60
Consumer H.O.M.E. Loans	28,248	10.38	28,297	8.66
Consumer Other Loans	128,831	8.65	100,395	8.70
Deferred Loan Fees and Unearned Interest	(1,394)	N/A	(1,692)	N/A
Reserves for Losses	(7,832)	N/A	(8,551)	N/A
Total Earning Assets	\$ 1,013,495	8.20	917,115	7.82
<b>NON-INTEREST ASSETS:</b>				
Cash and Amounts Due from Depository Institutions	\$ 24,228		22,521	
Cost in Excess of Net Assets Acquired	3,658		2,243	
Other Assets	42,143		44,055	
	70,029		68,819	

TOTAL ASSETS	\$ 1,083,524		985,934	
INTEREST BEARING LIABILITIES:				
Overnight Money Markets	\$ 16,610	2.71	22,810	2.72
Certificates - 2 to 3 Month	2,317	2.98	4,180	2.94
Certificates - 6 Month	34,382	4.46	34,937	3.46
Certificates - 12 Month	71,084	4.78	62,593	3.74
Certificates - 13 to 29 Month	153,851	4.93	124,050	4.60
Certificates - 30 Month	45,225	4.96	49,184	5.06
Certificates - 31 to 59 Month	27,751	5.38	25,847	5.40
Certificates - 60 Month & Over	87,729	6.27	72,608	6.37
Jumbo Certificates	54,519	5.09	61,198	4.71
Savings Accts-Regular & Club	81,467	2.77	83,833	2.65
Super NOW Accounts	6,633	2.69	7,591	2.67
Checking Accounts	115,855	2.32	101,869	2.18
Commercial Investors Checking	17,019	2.81	17,637	2.51
Other Repurchase Agreements	26	-	61	3.28
Borrowed Money	267,115	5.98	221,843	5.14
Accrued Interest-Savings & Checking	2,794	N/A	3,723	N/A
Total Interest Bearing Liabilities	\$ 984,377	4.70	893,964	4.21
NON-INTEREST LIABILITIES AND EQUITY:				
Other Liabilities	\$ 12,443		11,744	
Total Net Worth	86,704		80,226	
Total Non-Interest Liabilities & Equity	\$ 1,083,524		985,934	

</TABLE>

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REGULATORY MATTERS

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") contained significant changes to the legal and regulatory environment for insured depository institutions, including prompt corrective action regulations, reductions in insurance coverage for certain kinds of deposits, increased supervision by the Federal regulatory agencies, increased reporting requirements for insured institutions, and new regulations concerning internal controls, accounting, and operations.

The prompt corrective action regulations define specific capital categories based on an institution's capital ratios. The capital categories, in declining order, are "well capitalized", "adequately capitalized", "undercapitalized", "significantly undercapitalized", and "critically undercapitalized". Institutions categorized "undercapitalized" or worse are subject to certain restrictions. To be considered "adequately capitalized", an institution must generally have a leverage or core ratio greater than 4%, and a total risk-based capital ratio greater than 8%.

Bankers First Savings Bank, FSB meets the regulatory definition of well capitalized: a core capital ratio greater than 5% and a total risk-based capital ratio greater than 10%. Schedule X summarizes the Bank's regulatory capital at March 31, 1995.

SCHEDULE X  
BANKERS FIRST SAVINGS BANK, FSB  
ANALYSIS OF CAPITAL AND CAPITAL REQUIREMENTS  
MARCH 31, 1995  
(Dollars in thousands)

<TABLE>  
<CAPTION>

	Tangible capital	Tangible capital ratio	Core capital	Core capital ratio	Risk-based capital	Risk-based capital ratio
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Equity capital	\$65,488		\$65,488		\$65,488	
Qualifying subordinated debentures	--		--		3,520	
Cost in excess of net assets acquired	(5,019)		(5,019)		(5,019)	
General valuation allowances	--		--		7,494	

Excluded unrealized net investment gains	(325)		(325)		(325)	
Regulatory capital	60,144	5.55 %	60,144	5.55 %	71,158	10.10 %
Capital requirement	16,243	1.50 %	43,315	4.00 %	56,346	8.00 %
Capital exceeding requirement	\$43,901	4.05 %	\$16,829	1.55 %	\$14,812	2.10 %

</TABLE>

The Bank may distribute as a dividend the higher of 100% of its net income to date during the calendar year plus the amount that would reduce by one-half its surplus capital ratio at the beginning of the calendar year or 75% of its net income over the most recent four quarter period. At March 31, 1995 the amount available for distribution as a dividend by the Bank is \$11.3 million. In addition, without the approval of OTS, capital distributions may not be made if the effect thereof would be to cause the Bank's net worth to be reduced below the regulatory capital requirements. No dividends were paid from the Company's bank subsidiary in 1995 and 1994.

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PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

3.2 By-laws of Bankers First Corporation as amended and restated on April 18, 1995

27 Financial Data Schedule (for SEC purposes only)

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirement of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BANKERS FIRST CORPORATION

By: /s/ H. M. Osteen, Jr.

-----  
H. M. Osteen, Jr.  
Chairman and Chief Executive Officer

By: /s/ Glenn W. Peters

-----  
Glenn W. Peters  
Corporate Vice President and  
Chief Financial Officer

Date: April 27, 1995

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BYLAWS OF  
BANKERS FIRST CORPORATION

ADOPTED  
OCTOBER 17, 1983  
AS AMENDED AND RESTATED ON APRIL 18, 1995

ARTICLE I

STOCKHOLDERS' MEETINGS

Section 1. Annual Meetings. The annual meeting of the stockholders shall be held on the Tuesday following the third Monday in the Month of April in each year commencing with the year 1987, or on such other date as the Board of Directors shall determine, at such time and place as the Board of Directors may determine, for the election of directors and the transaction of such other business as may come before the meeting.

Section 2. Special Meetings. Special meetings of the stockholders for any purpose may be held whenever called by the President, the Chairman of the Board of Directors, stockholders holding an aggregate of fifty-one percent (51%) of the voting stock of the corporation, or a majority of the Board of Directors.

Section 3. Place of Meeting. All meetings of the stockholders of the corporation for the election of directors, or for any other purpose, shall be held at the place designated in the call and notice of the meeting, whether within or without the State of Georgia.

Section 4. Notice of Meetings. Notice of each meeting of the stockholders, whether annual or special, shall, at least ten, but not more than sixty, days before the day set for the meeting, be given to each stockholder of record entitled to vote, by delivering written notice thereof to him, personally or by mailing such notice, postage prepaid, addressed to him at his address registered on the stock transfer books of the corporation. Such notice shall state the time and place of the meeting and, in the case of special meetings, in general terms the purposes thereof. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed to the stockholder at his address of record, with postage thereon prepaid.

Section 5. Quorum. Except as otherwise required by statute, at any meeting of the stockholders the holders of a majority of the stock of the corporation having voting rights shall be present in person or represented by proxy and shall constitute a quorum. In the absence of a quorum, the holders of a majority of the stock represented may adjourn the meeting from time to time, but not for a period of more than 30 days at any one time, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be represented, any business may be transacted which might have been transacted at the meeting originally called. No notice of an adjourned meeting need be given.

Section 6. Voting. Except as otherwise provided by law, the Articles of Incorporation, or these by-laws, every stockholder shall be entitled to one vote for each share standing in his name on the records of the corporation. Except as provided herein or in the Articles of Incorporation or otherwise provided, all corporate action shall be determined by a vote of a majority of the votes cast at a meeting of the stockholders entitled to vote thereon.

Section 7. Proxy. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 8. Organization. The Chairman of the Board of Directors, if elected and present, or in his absence, a Vice Chairman, if elected and present, or, if not, the President, or in his absence, the Vice President, or in the absence of all of these, a Chairman selected by the stockholders, shall preside. The Secretary shall act as Secretary at all meetings when present, and in the absence of the Secretary, the presiding officer shall appoint a Secretary.

Section 9. Inspectors of Election. The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability.

The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) verify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In

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determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law and any such determination by the inspectors' shall be final and binding on all parties. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 10. Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors of the corporation may to the extent not prohibited by law adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the chairman of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless, and to the extent, determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

## ARTICLE II

### DIRECTORS

Section 1. Number. The business and affairs of the corporation shall be managed and controlled by a Board of Directors consisting of not fewer than seven (7) nor more than fifteen (15) members, as shall be fixed from time to time by the Board of Directors.

Section 2. Election and Term of Office. Except as provided in the Articles of Incorporation, directors shall be elected at each annual meeting of the stockholders to serve for the term of one (1) year and until their successors shall be elected and shall qualify. A nominee receiving a plurality of the votes cast shall be deemed elected. The stockholders, by a vote of seventy-five percent (75%) of the votes entitled to be cast in the election of directors, shall at any annual or special meeting be vested with authority to remove any director elected by such stockholders, with or without cause.

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Section 3. Vacancies. In case of any vacancies among the directors by reason of an increase in the number of directors by an amendment to these Bylaws, or through death, resignation, disqualification, removal, or other cause, a new director or a successor director may be elected by the members of the Board of Directors to serve until a successor director shall be elected by the stockholders, but pending election by the stockholders, any such new or successor director shall be fully qualified to act.

Section 4. Place of Meeting. The directors may hold their meetings at such places, either within or without the State of Georgia as the Board may from time to time determine.

Section 5. Annual Meetings. The Board of Directors shall meet as soon as practicable after the annual election of directors at the place of the annual meeting of the stockholders of the corporation for the purpose of organization and the transaction of other business. No notice of such meeting shall be required. Such meeting may, however, be held at some other time and place which shall be specified in a notice given as hereinafter provided for special meetings of the Board.

Section 6. Regular and Special Meetings. The Board of Directors may hold regular meetings between the annual stockholders' meetings

at such times as they may determine, and may hold special meetings whenever called by the Chairman of the Board, the President, any Vice President in the absence of the President, the Secretary, or any two members of the Board. Notice of regular and special meetings shall be given at least two (2) days in advance of the meeting. Notice of any special or regular meeting of the Board shall be given in person or by mail, telephone, or telegraph, and the purpose need not be stated. Except as otherwise required by statute or by the notice of the meeting, any and all business may be transacted at any regular or special meeting of the Board.

Section 7. Quorum. A majority of the directors shall constitute a quorum; and it shall be necessary for at least a majority of those directors present at any meeting to agree upon any resolution or action of the Board for it to be valid and effective.

Section 8. Compensation of Directors. The directors shall not receive any stated salary for their services, but the Board may allow a fixed sum and expenses of attendance, if any; but nothing herein contained shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 9. Chairman. At all meetings of the Board of Directors, the Chairman of the Board, the President, or a Vice President shall preside, in the order stated.

Section 10. Election of Officers. The Board of Directors shall elect all officers and fix their compensation and may exercise all powers of the corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

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Section 11. Committees. The Board of Directors may, from time to time, appoint committees, including an Executive Committee, for any purpose, and by majority vote of the entire Board, may delegate to any such committee, or to any officer or officers, such powers as the Board may deem expedient, except that no committee shall have the authority of the Board of Directors in reference to:

- (a) amending the Articles of Incorporation or the Bylaws of the Corporation;
- (b) adopting a plan of merger or consolidation;

(c) the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the Corporation; or

(d) a voluntary dissolution of the Corporation or a revocation thereof.

Each committee shall consist of at least two (2) directors.

Section 12. Informal Action. Any action required to be taken by the Board of Directors or a Committee of the Board at a meeting may be taken without a meeting if written consent, setting forth the action taken, shall be signed by all the directors or committee members and filed with the minutes of the proceedings of the Board or committee. Such consent shall have the same effect as though the action had been taken at a regular meeting.

Section 13. Eligibility. In order to be eligible to be elected to the Board of Directors, no individual, whether an insider or an outsider, shall have reached his seventieth birthday as of the date of the Annual Meeting of Shareholders in the year in which the election shall take place provided, however, that any director presently serving an unexpired term shall not be subject to this section if the individual is age sixty-five or older as of January 1, 1985. The above notwithstanding, an inside director who retires, resigns or for any other reason ceases his employment shall, at that time, retire or resign from the Board.

Section 14. Honorary Director. The Board of Directors may appoint any former member of the Board as an Honorary Director of the Company, and any member so appointed shall hold such honorary title until the next Annual Meeting of Shareholders after his appointment, and thereafter for such additional periods not exceeding one year each, as the Board of Directors shall determine. There shall be no limit to the number of persons who may be so appointed. Only those persons who have rendered outstanding and unusually significant and valuable service to the Company shall be so appointed. An Honorary Director shall be entitled to attend all meetings of the Board of Directors of the Company but shall not be entitled to vote at such meetings nor shall he exercise any of the rights or powers of directors nor assume any of their responsibilities under the law. Each Honorary Director shall receive monthly an honorarium equal to one-half of the compensation payable to a member of the Board of Directors.

Section 15. Nominations of Directors. Nominations of candidates for election as directors at any annual meeting of stockholders may be made (i) by, or at the direction of, a majority of the Board of Directors or (ii) by any

stockholder of record entitled to vote at such annual meeting. Only persons nominated in accordance with procedures set forth in this Section 15 shall be eligible for election as directors at an annual meeting.

Nominations, other than those made by, or at the direction of, a majority of the Board of Directors shall be made pursuant to timely notice in writing to the Secretary of the corporation as set forth in this Section 15. To be timely, a stockholder's notice shall be delivered to, or mailed and received at, the principal executive offices of the corporation not less than sixty (60) days nor more than ninety (90) days prior to the date of the scheduled annual meeting, regardless of postponements, deferrals, or adjournments of that meeting to a later date; provided, however, that if less than seventy (70) days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, notice by the stockholder to be timely must be so delivered or received not later than the close of business on the tenth (10th) day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election as a director (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of the corporation's equity securities which are Beneficially Owned (as defined below) by such person on the date of such stockholder notice and (d) any other information relating to such person that would be required to be disclosed pursuant to Regulation 13D under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), in connection with the acquisition of shares, and pursuant to Regulation 14A under the Exchange Act, in connection with the solicitation of proxies with respect to nominees for election as directors, regardless of whether such person is subject to the provisions of such regulations, including, but not limited to, information required to be disclosed by Items 4(b) and 6 of Schedule A of Regulation 14A and information which would be required to be filed on Schedule B of Regulation 14A with the Securities and Exchange Commission (as such Items and Schedules are in effect on the date hereof and such additional information required by those provisions or successor provisions adopted after the date hereof); and (ii) as to the stockholder giving the notice (a) the name and address, as they appear on the corporation's books, of such stockholder and any other stockholder who is a record or Beneficial Owner of any equity securities of the corporation and who is known by such stockholder to be supporting such nominee(s) and (b) the class and number of shares of the corporation's equity securities which are Beneficially Owned and owned of record by such stockholder on the date of such stockholder notice and the number of shares of the corporation's equity securities Beneficially Owned and owned of record by any Person known by such stockholder to be supporting such nominee(s) on the date of such stockholder notice. At the request of a majority of the Board of Directors any person nominated by, or at the direction of, the Board of Directors for election as a director at an annual meeting shall furnish to the Secretary of the corporation that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. Ballots bearing the names of all the persons who have been nominated for election as directors at an annual meeting in accordance with the procedures set forth in

this Section 15 shall be provided for use at the annual meeting.

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A majority of the directors may reject any nomination by a stockholder not timely made in accordance with the requirements of this Section 15. If a majority of the directors determines that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 15 in any material respect, the Secretary of the corporation shall promptly notify such stockholder of the deficiency in the notice. The stockholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed five (5) days, from the date such deficiency notice is given to the stockholder, as a majority of the directors shall reasonably determine. If the deficiency is not cured within such period, or if a majority of the directors reasonably determine that the additional information provided by the stockholder, together with the information previously provided, does not satisfy the requirements of this Section 15 in any material respect, then a majority of the directors may reject such stockholder's nomination. The Secretary of the corporation shall notify a stockholder in writing whether his nomination has been made in accordance with the time and informational requirements of this Section 15. Notwithstanding the procedure set forth in this Section 15, if the majority of the directors does not make a determination as to the validity of any nominations by a stockholder, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether a nomination was not made in accordance with the terms of this Section 15. If the presiding officer determines that a nomination was not made in accordance with the terms of this Section 15, he shall so declare at the annual meeting and the defective nomination shall be disregarded.

For purposes of this Section 15 and Section 16, a person shall be considered the "Beneficial Owner" of any security (whether or not owned of record):

(a) with respect to which such person or any affiliate or associate (as those terms are defined under Rule 12b-2 of the General Rules and Regulations under the Exchange Act) if such person directly or indirectly has or shares (i) voting power, including the power to vote or to direct the voting of such securities and/or (ii) investment power, including the power to dispose of or to direct the disposition of such security;

(b) which such person or any affiliate or associate of such person has (i) the right or obligation to acquire (whether such right or obligation is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in



writing) or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, and/or (ii) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing and whether or not such right is exercisable immediately or only after the passage of time); or

(c) which is Beneficially Owned within the meaning of (a) or (b) of this paragraph by any other person with which such first-mentioned person or any of its affiliates or associates has any agreement, arrangement or understanding (whether or not in writing), with respect to (x) acquiring, holding, voting or disposing of such security or any security convertible into or exchangeable or exercisable for such security, or (y) acquiring, holding or disposing of all or substantially all of the assets or businesses of the corporation or a subsidiary of the corporation.

Section 16. New Business. At an annual meeting of stockholders, only such new business shall be conducted, and only such proposals shall be acted upon as shall have been brought before the annual meeting (a) by, or at the direction of, the majority of the Board of Directors or (b) by any stockholder of the corporation who complies with the notice procedures set forth in this Section 16. For a proposal to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than sixty (60) days nor more than ninety (90) days prior to the scheduled annual meeting, regardless of any postponement, deferrals or adjournments of that meeting to a later date; provided, however, that if less than seventy (70) days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, notice by the stockholder, to be timely, must be so delivered or received not later than the close of business on the tenth (10th) day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the stockholder proposing such business and any other stockholder who is the record or Beneficial Owner of any equity security of the corporation known by such stockholder to be supporting such proposal, (c) the class and number of shares of the corporation's equity securities which are Beneficially Owned and owned of record by the stockholder giving the notice on the date of such stockholder notice and by any other

record or Beneficial Owners of the corporation's equity securities known by such stockholder to be supporting such proposal on the date of such stockholder notice, and (d) any financial or other interest of the stockholder in such proposal.

A majority of the directors may reject any stockholder proposal not timely made in accordance with the terms of this Section 16. If a majority of the directors determine that the information provided in a stockholder's notice does not satisfy the informational requirements of this Section 16 in any material respect, the Secretary of the corporation shall promptly notify such stockholder of the deficiency in the notice. The stockholder shall have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed five (5) days from the date such deficiency notice is given to the stockholder, as the majority of the directors shall reasonably determine. If the deficiency is not cured within such period, or if the majority of the directors determines that the additional information provided by the stockholder, together with information previously provided, does not satisfy the requirements of this Section 16 in any material respect, then a majority of the directors may reject such stockholder's proposal. The Secretary of the corporation shall notify a stockholder in writing whether his proposal has been made in accordance with the time and information requirements of this Section 16. Notwithstanding the procedures set forth in this paragraph, if the majority of the directors does not make a determination as to the validity of any stockholder proposal, the presiding officer of the annual meeting shall determine and declare at the annual meeting whether the stockholder

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proposal was made in accordance with the terms of this Section 16. If the presiding officer determines that a stockholder proposal was not made in accordance with the terms of this Section 16, he shall so declare at the annual meeting and any such proposal shall not be acted upon at the annual meeting.

### ARTICLE III

#### OFFICERS

Section 1. Executive Officers. The executive officers of the corporation shall be a President (who shall be a director), one or more Vice Presidents, a Secretary and a Treasurer, who shall be elected by the Board of Directors. The Board of Directors may, if it is deemed desirable, elect a Chairman of the Board of Directors, one or more Vice Chairmen of the Board of Directors, one or more assistants to the President, one or more assistant

Secretaries and one or more assistant Treasurers. Any two of said offices may be held by a single person, provided that the office of President and the office of Secretary shall be held by separate persons.

Section 2. Subordinate Officers. The Board of Directors or the President may appoint other officers or agents as shall be deemed necessary for efficiently carrying on the business of the corporation, especially including general and local managers and cashiers, and all other officers so appointed shall hold their offices for such term and shall exercise such powers and perform such duties and receive such compensation as shall be determined from time to time by the Board of Directors, or, in the absence of such action by the Board, as shall be determined by the President.

Section 3. Tenure of Officers. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected by the directors may be removed, either with or without cause, at any time by a majority vote of the directors; and any officer appointed by the President may be removed, either with or without cause, at any time by the President. If the office of any official of the corporation becomes vacant for any reason, the vacancy shall be filled by affirmative action of like character to that which would have been required to remove such official.

Section 4. Chairman of the Board. Should the Board of Directors elect a Chairman, he shall preside at all meetings of the Board and at all meetings of the stockholders. He shall, where authorized by the Board of Directors, be the Chief Executive Officer of the corporation and have all powers pertaining to the office of Chief Executive.

Section 4.1. Vice Chairman of the Board. Should the Board of Directors elect a Vice Chairman, he shall do and perform all duties as may be required of or assigned to him by the Board of Directors or the Chairman.

Section 5. President. The President shall be the Chief Executive and Administrative Officer of the corporation and shall have active and general management of the affairs and business of the corporation, except as provided in Section 4 of this Article; he shall preside at all meetings of stockholders and directors, unless there is a Chairman of the Board who is present, and shall see that all resolutions and orders of the stockholders and directors are carried into effect; he shall do and perform all such duties as may from time to time be assigned to him by the stockholders, directors or Chairman of the Board if the Chairman has been designated Chief Executive Officer; he shall preside at each annual meeting, and, when called for by vote

of the stockholders, at any special meeting of the stockholders, a full and clear statement of the business and condition of the corporation, including a report of operating results for the preceding period and such recommendations as he may think proper for best promoting the interests of the corporation; he shall be ex-officio a member of all standing committees; he, together with the Secretary, shall sign all certificates of capital stock and shall perform such other duties as are incidental to his office; he shall direct the activities and business of the corporation and shall have all of the authority and general powers of supervision and management usually vested in the office of the President of a corporation and also those usually exercised by a general manager in charge of plan and operations.

Section 6. Vice President. A Vice President shall do and perform the usual duties incidental to such office and shall do and perform the duties of the President in the absence or disability of the President. Should there be several Vice Presidents, in the absence of designation by the President or by the Board of Directors, they shall act in the place of the president in the order in which they were elected at the last election as recorded in the minutes. A Vice President shall also perform such additional duties, if any, as may be required of him by the Board of Directors or the President.

Section 7. Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of the stockholders upon a book to be kept for that purpose; and shall perform like services for any committees, if any, to which may be delegated special duties to be performed on behalf of the corporation; he shall send copies of such minutes to absent directors and committeemen. He shall give, or cause to be given, notice of all meetings of the stockholders and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation, and when authorized by the President or by the Board, shall affix the same to any instruments requiring it. When so affixed, it shall be attested by his signature or by the signature of the Treasurer. He shall have custody of the stock books of the corporation, and be authorized to sign, and affix the seal to, certificates of the capital stock of the corporation when executed by the President. In the absence of the Secretary, an assistant Secretary, or Secretary pro tempore, may perform all of his duties.

Section 8. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories or savings and loan associations as may be designated by the Board of Directors. In the absence of the Treasurer, the assistant Treasurer may perform all of his duties.

The Treasurer shall disburse the funds of the corporation subject to the general supervision of the President and such regulations as the Board of Directors may impose as may be ordered by the Board of Directors, with the approval of the President, taking proper vouchers for all such disbursements, and shall render to the President and directors at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the corporation.

Section 9. Compensation. The compensation of all officers of the corporation shall be fixed, from time to time, by the Board of Directors.

#### ARTICLE IV

##### CAPITAL STOCK

Section 1. Stock Certificates. The certificates of stock of the corporation shall be numbered and shall be entered on the books of the corporation as they are issued. They shall exhibit the holders' names and number of shares and shall be signed by the President or Vice President and the Secretary or Assistant Secretary, and shall be under the seal of the corporation. The signatures of such officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation.

Section 2. Transfer of Stock. Transfer of stock shall be made on the books of the corporation only by the person named in the certificate, or by attorney lawfully constituted in writing, and upon the surrender and cancellation of the certificate for a like number of shares. Each certificate surrendered upon the transfer of stock shall be at once cancelled and pasted on the margin of the stub in the book from which it was taken when issued. The Board of Directors may make such additional rules and regulations concerning the issuance, transfer and registration of stock as it deems expedient.

Section 3. Closing of Transfer Books. The Board of Directors may close the transfer books in their discretion, for a period of not exceeding twenty days preceding the day appointed for the payment of dividends.

Section 4. Registered Stockholders. The corporation shall be entitled to treat the holder of record of any shares of stock as the holder in fact thereof, and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, save as may be expressly provided by the laws of the State of Georgia.

## ARTICLE V

## NOTICE AND WAIVER OF NOTICE

Section 1. Any notice required to be given under these Bylaws to any stockholder or director may be waived. Attendance at a meeting either in person or by proxy shall constitute waiver of notice of that meeting.

## ARTICLE VI

BANK ACCOUNTS, CHECKS, SECURITIES,  
AND SEALING DOCUMENTS

Section 1. Company Funds. Bank accounts for the deposit of funds of the corporation may be opened in such banks as may be selected and designated from time to time by the Board of Directors. Funds of the corporation may also be invested in such savings and loan associations as may be designated from time to time by the Board of Directors.

Section 2. Checks. Said banks and savings and loan associations are authorized to make payments from the funds of the corporation on deposit or invested with them, such payments to be made upon presentation of checks or withdrawal orders signed by such official or officials as may be designated from time to time by the Board of Directors. The use of facsimile signatures of such officials may be authorized by the Board of Directors.

Section 3. Bonds. The officers and employees shall furnish such bonds, if any, for the faithful performance of their duties as may be required by the Board of Directors.

Section 4. Sealed Instruments. The President, a Vice President, the Secretary or Assistant Secretary, and Treasurer, when two of them shall act jointly, are empowered to use the corporate seal of the corporation whenever required on contracts and other instruments.

## ARTICLE VII

## INDEMNIFICATION

Section 1. Authority to Indemnify. The corporation shall indemnify any person who was or is a party or is threatened to be made a party

to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including

attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the individual in connection with such action, suit or proceeding if he or she acted in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the individual did not act in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Under the circumstances prescribed in Section 3, the corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the individual in connection with the defense or settlement of such action or suit, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such individual shall have been adjudged to be liable to the corporation, unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such individual is fairly and reasonably entitled to indemnity for such expenses which the court shall deem proper.

Section 3. Mandatory Indemnification. To the extent that a director, officer, employee or agent of the corporation has been successful, on the merits or otherwise, in defense of any proceeding to which he or she was a

party, or in defense of any claim, issue or matter therein, because he or she is or was a director, officer, employee or agent of the corporation, the corporation shall indemnify the director, officer, employee or agent against reasonable expenses incurred by him or her in connection therewith.

Section 4. Determination of Indemnification. Except as provided in Section 3 and except as may be ordered by the Court, the corporation may not indemnify a director, officer, employee or agent under Section 1 unless authorized thereunder and a determination has been made in the specific case that indemnification of the director, officer, employee or agent is permissible in the circumstances because he or she has met the standard of conduct set forth in Section 1. The determination shall be made:

(a) by the Board of Directors by majority vote of a quorum consisting of directors not at the time parties to the proceedings;

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(b) if a quorum cannot be obtained under Paragraph (a) of this Section, by majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two or more directors not at the time parties to the proceeding;

(c) by special legal counsel

(i) selected by the Board of Directors or its committee in the manner prescribed in Paragraph (a) or (b) of this Section; or

(ii) if a quorum of the Board of Directors cannot be obtained under Paragraph (a) of this Section and a committee cannot be designated under Paragraph (b) of this Section, selected by majority vote of the full Board of Directors (in which selection directors who are parties may participate); or

(d) by the shareholders, but shares owned by or voted under the control of directors, who are at the time parties to the proceeding, may not be voted on the determination.

Section 5. Expenses. The corporation shall pay for or reimburse the reasonable expenses incurred by a director, officer, employee or agent of the corporation who is a party to a proceeding in advance of final disposition of the proceeding if a) he or she furnishes the corporation written affirmation of his or her good faith belief that he or she has met the standard of conduct set forth in Section 1 of this Article, and b) he or she furnishes



the corporation a written undertaking, executed personally or own his or her behalf, to repay any advances if it is ultimately determined that he or she is not entitled to indemnification. The undertaking required by this Section must be an unlimited general obligation that need not be secured and may be accepted without reference to financial ability to make repayment.

Section 6. Court Ordered Indemnification and Advances for Expenses. A director, officer, employee or agent of the corporation who is a party to a proceeding may apply for indemnification or advances or expenses to the court conducting the proceeding or to another court of competent jurisdiction.

Section 7. Authorization of Indemnification. Authorization of indemnification an obligation to indemnify and evaluation as to the reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under Paragraph (c) of Section 4 to select counsel.

Section 8. Other Rights. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights, in respect of indemnification of or otherwise, to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, resolution or agreement, either

specifically or in general terms, approved by the affirmative vote of the holders of a majority of the shares entitled to vote thereon taken at a meeting the notice of which specified that such bylaw, resolution or agreement would be placed before the shareholders, both as to action by a director, officer, employee or agent in his official capacity and as to action in another capacity while holding such office or position; except that no such other rights in respect to indemnification or otherwise, may be provided or granted to a director, trustee, officer, employee or agent pursuant to this Section 8 by the corporation for liability for a) any appropriation, in violation of his or her duties, of any business opportunity of the corporation; b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of loss; c) the types of liabilities set forth in Section 14-2-832 of the Georgia Business Corporation Code dealing with illegal or unauthorized distributions of corporate assets, whether its dividends or in liquidation of the corporation otherwise; or d) any transaction from which the director derived an improper material tangible personal benefit.

Section 9. Insurance. The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

Section 10. For purposes of this Article, reference to "the corporation" shall include, in addition to the surviving or new corporation, any merging or consolidated corporation (including any merging or consolidating corporation of a merging or consolidating corporation) absorbed in a merger or consolidation so that any person who is or was a director, officer, employee or agent of such merging or consolidating corporation, or who is or was serving at the request of such merging or consolidating corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provision of this Article with respect to the resulting or surviving corporation as he or she would if he or she had served the resulting or surviving corporation in the same capacity; provided no indemnification under Sections 1 and 2 of this Article permitted by this subsection shall be mandatory under this subsection or any bylaw of the surviving or new corporation without the approval of such indemnification by the board of directors or shareholders of the surviving or new corporation in the manner provided in Sections (a) and (d) of subsection 4 of this Article.

Section 11. Savings Clause and Subsequent Legislation. If this Article VII or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each person referred to in Sections 1 and 2 of this Article as to any cost, charge and expense (including attorneys' fees and related disbursements), judgment, fine (including, without limitation, ERISA excise taxes and penalties) and amount paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the corporation, to the full extent permitted by any applicable portion of this Article VII that

shall not have been invalidated and to the full extent permitted by applicable law. The corporation shall indemnify the persons referred to in Sections 1 and 2 of this Article to the fullest extent permitted by the Georgia Business Corporation Code, as amended from time to time.

## ARTICLE VIII

### AMENDMENTS OF BYLAWS

Section 1. Directors. These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of all the directors then holding office at any regular meeting or at any special meeting of the Board, if notice of the proposed alteration, amendment or repeal be contained in the notice of the meeting. However, any bylaws adopted by the Board of Directors may be altered, amended or repealed, and new bylaws may be adopted by the stockholders.

Section 2. Stockholders. The stockholders, by the affirmative vote of the holders of seventy-five percent (75%) of the votes entitled to be cast in the election of directors, may alter, amend or repeal these Bylaws and adopt new bylaws at any regular meeting or at any special meeting of the stockholders, if notice of the proposed alteration, amendment or repeal be contained in the notice of the meeting. The stockholders may prescribe that any bylaw or bylaws adopted by them shall not be altered, amended or repealed by the Board of Directors.

## ARTICLE IX

All of the requirements of the Georgia Business Corporation Code (the "GBCC") pertaining to business combinations with interested shareholders, including Sections 14-2-1110 through 14-2-1113 of the GBCC, shall be applicable to the corporation.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF BANKERS FIRST CORPORATION FOR THE THREE MONTHS ENDED MARCH 31, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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