

PUBLIC DISCLOSURE

April 5, 1999

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Aliant Bank
861434

Alexander City, Alabama

Federal Reserve Bank of Atlanta
104 Marietta Street, N.W.
Atlanta, Georgia 30303-2713

NOTE: *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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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 Aliant Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of April 5, 1999. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION'S CRA RATING:

This institution is rated Satisfactory.

The bank's average loan-to-deposit ratio meets standards for satisfactory performance given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the bank's Home Mortgage Disclosure Act (HMDA), small business, and consumer loans are inside the bank's assessment area. In addition, lending to borrowers of different income levels and businesses of various revenue sizes is reasonable when compared to demographic data in the assessment area. The geographic distribution of loans by census tracts generally reflects a reasonable dispersion throughout the assessment area. No CRA-related complaints were received since the previous examination.

DESCRIPTION OF INSTITUTION

Aliant Bank is headquartered in Alexander City, Alabama, and is a wholly owned subsidiary of Aliant National Corporation, the second-tier bank holding company within the Aliant Financial Corporation organization. The bank operates 14 branches including the main office: five in Alexander City, Tallapoosa County; two in Birmingham (one in Shelby County and one in Jefferson County); two in Elmore County; and five in Montgomery, Montgomery County. The Meadow Brook office (Shelby County) opened in November 1997. The Alexander City Shopping Center office consolidated into the Madison Point office in February 1999. The Dadeville office relocated in April 1999 within the city of Dadeville from a temporary location that was two blocks away. The bank operates nine automated teller machines (ATMs): two in Alexander City, two in Birmingham, one in Dadeville, one in Millbrook, two in Montgomery, and one in Wetumpka. All ATMs are located at branches.

The bank is organized into four geographic regions: Alexander City Region, Birmingham Region, Montgomery Region, and Wetumpka Region. The Alexander City Region provides operations and general support for the other three regions. The banking operations in the Alexander City region are primarily consumer oriented, and a large volume of mortgage loans is originated in the region. The Wetumpka Region (Elmore County) is also consumer oriented and originates a significant volume of residential mortgage loans as well. The Birmingham Region, which is the smallest region, is oriented toward business-purpose and commercial real estate lending. The Montgomery Region is also oriented toward business-purpose lending.

Aliant Bank's wholly owned mortgage subsidiary, Aliant Mortgage Corporation (AMC), is headquartered in Montgomery, Alabama. For the CRA evaluation, AMC's loan production is included in Aliant Bank's HMDA lending activity. A finance company subsidiary of the bank, Alabama's First Finance, Inc., Alexander City, is in the process of liquidation and is no longer lending.

Based on a 1997 market rank report showing HMDA loan originations, Aliant Bank is ranked number 13 within the assessment areas that it serves with a market share of 1.75 percent. Those institutions ranked 12 and higher include six larger regional banks and some nationally known mortgage companies with a strong presence in the local market.

Aliant Bank has the ability to meet the credit needs of its defined assessment areas based on its size, financial condition, and resources. The types of credit products offered by the bank, as noted in the bank's public file, include consumer, commercial, and real estate loans.

DESCRIPTION OF INSTITUTION (Continued)

The composition of the loan portfolio according to the March 31, 1999 Consolidated Reports of Condition and Income is as follows:

COMPOSITION OF LOAN PORTFOLIO AS OF MARCH 31, 1999*		
Loan Type	\$ (000)s	Percent
Construction and Development	\$37,244	8.9%
Secured by One- to Four-Family Dwellings	\$162,588	39.0%
Other Real Estate:		
Farmland	\$2,898	0.7%
Multifamily	\$5,581	1.3%
Nonfarm Nonresidential	\$91,928	22.1%
Commercial and Industrial	\$77,218	18.5%
Loans to Individuals	\$38,859	9.3%
Agricultural Loans	\$137	0.0%
TOTAL	\$416,453	100.0%

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

As indicated by the table above, loans secured by one- to four-family dwellings make up the largest component of the loan portfolio in terms of total dollars outstanding. Nonfarm, nonresidential real estate loans make up the second largest component of the loan portfolio. HMDA-reportable loans and small business loans were reviewed for the CRA evaluation because these loans make up a substantial percentage of the outstanding loan portfolio and are high volume products in terms of numbers of loans originated during the review period. Consumer loans were also reviewed, based on significant numbers of loans originated.

As of March 31, 1999, Aliant Bank had total assets of \$569.2 million. No financial impediments exist that would hinder the bank's ability to make credit available to the residents and businesses in the assessment areas. The bank received a satisfactory rating at its previous CRA examination conducted by the Federal Reserve Bank of Atlanta on April 28, 1997.

The bank has three assessment areas: Alexander City assessment area, Birmingham assessment area, and Montgomery assessment area. The Alexander City assessment area consists of all of Tallapoosa and Coosa counties, which are not part of any metropolitan statistical areas (MSAs). The Birmingham assessment area consists of Jefferson and Shelby counties, which are part of the Birmingham MSA. The Montgomery assessment area consists of Montgomery and Elmore counties, which are part of the Montgomery MSA.

DESCRIPTION OF ASSESSMENT AREA: OVERALL BANK

According to estimated U.S. Census data, the total population of the assessment areas was 1,132,189 as of July 1, 1998. This represents an increase of 6.9 percent over the 1990 U.S. Census figure, which was 1,059,067. Economic market data showed that 60.9 percent of the housing units were owner-occupied, 30.3 percent were rental units, and 8.9 percent were vacant units. The median housing value was \$60,048. The median family income for the overall assessment area was \$32,242, which was higher than the state's median family income of \$28,688.

According to information from the U.S. Bureau of Labor Statistics, the unemployment rate as of February 1999 was 4.2 percent for Tallapoosa County, 4.7 percent for Coosa County, 2.9 percent for Jefferson County, 1.5 percent for Shelby County, 2.9 percent for Montgomery County, and 3.1 percent for Elmore County. The unemployment rates in the assessment areas compare favorably with the 4.2 percent unemployment rate for the state of Alabama as of February 1999. Data shows that the leading industries in the bank's assessment areas include government, manufacturing, retail trade, and services.

Three individuals from the community were contacted for their perceptions of the community, opportunities for participation by local financial institutions, and the performance of local financial institutions. One of the contacts represented a municipal housing authority, and the other two represented economic and community development authorities in two of the bank's three assessment areas. Two of the contacts expressed the need for wider availability of innovative residential lending programs, which are already offered by some of the community's depository institutions. All three contacts gave generally positive opinions of the banking sector's role in the economic well-being of the areas they serve.

The table on the following page provides key demographic information that was used in analyzing the bank's CRA performance in the Alexander City assessment area and the combined assessment areas. Certain components of the data in the table are discussed in the report as they apply to particular parts of the analysis.

DESCRIPTION OF ASSESSMENT AREA: ALEXANDER CITY REGION

DEMOGRAPHIC COMPARISON									
Category	WHOLE BANK						ALEXANDER		
Distribution of Tracts	Number		Percent		Number				
Low-Income Tracts	25		10.0%		0				
Moderate-Income Tracts	45		18.0%		0				
Middle-Income Tracts	110		44.0%		11				
Upper-Income Tracts	70		28.0%		1				
Total Assessment Area	250		100.0%		12				
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant		Owner-Occupied		Rental
Low-Income Tracts	12,189	4.6%	22,594	17.0%	5,470	14.1%	0	0.0%	0
Moderate-Income Tracts	42,615	16.0%	28,266	21.3%	8,451	21.7%	0	0.0%	0
Middle-Income Tracts	122,232	45.8%	49,852	37.6%	17,082	44.0%	12,567	87.5%	4,041
Upper-Income Tracts	90,113	33.7%	32,025	24.1%	7,856	20.2%	1,799	12.5%	310
Total	267,149	100.0%	132,737	100.0%	38,859	100.0%	14,366	100.0%	4,351
Housing Units - Percentage in Tract									
Low-Income Tracts	30.3%		56.1%		13.6%		0.0%		0.0%
Moderate-Income Tracts	53.7%		35.6%		10.7%		0.0%		0.0%
Middle-Income Tracts	64.6%		26.4%		9.0%		66.6%		21.4%
Upper-Income Tracts	69.3%		24.6%		6.0%		50.6%		8.7%
Total Assessment Area	60.9%		30.3%		8.9%		64.1%		19.4%
Population - Tract Distribution	Families		Households		Population		Families		Households
Low-Income Tracts	22,520	7.8%	34,655	8.7%	94,247	8.9%	0	0.0%	0
Moderate-Income Tracts	48,311	16.8%	70,363	17.6%	194,524	18.4%	0	0.0%	0
Middle-Income Tracts	125,981	43.9%	172,214	43.1%	454,430	42.9%	12,471	88.1%	16,581
Upper-Income Tracts	90,088	31.4%	122,179	30.6%	315,866	29.8%	1,682	11.9%	2,130
Total	286,900	100.0%	399,411	100.0%	1,059,067	100.0%	14,153	100.0%	18,711
Population - Percentage by Income									
Low-Income	61,639	21.5%	101,029	25.3%			2,665	18.8%	4,384
Moderate-Income	47,002	16.4%	59,652	14.9%			2,279	16.1%	2,611
Middle-Income	59,091	20.6%	71,036	17.8%			2,935	20.7%	3,134
Upper-Income	119,168	41.5%	167,694	42.0%			6,274	44.3%	8,582
Total	286,900	100.0%	399,411	100.0%			14,153	100.0%	18,711
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families
Low-Income Tracts	28.3%		22.3%	8.8%	4.3%	1.8%	0.0%		0.0%
Moderate-Income Tracts	29.2%		28.5%	24.3%	17.1%	7.8%	0.0%		0.0%
Middle-Income Tracts	35.1%		38.9%	49.4%	52.7%	40.0%	93.3%		91.7%
Upper-Income Tracts	7.3%		10.3%	17.5%	25.9%	50.5%	6.7%		8.3%
Total	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%
Families - Percentage in Tract									
Low-Income Tracts	44.7%		61.0%	18.3%	11.3%	9.4%	0.0%		0.0%
Moderate-Income Tracts	21.4%		36.3%	23.6%	20.9%	19.1%	0.0%		0.0%
Middle-Income Tracts	9.9%		19.0%	18.4%	24.7%	37.8%	14.4%		19.6%
Upper-Income Tracts	2.9%		7.0%	9.1%	17.0%	66.8%	7.6%		13.2%
Total Assessment Area	12.4%		21.5%	16.4%	20.6%	41.5%	13.6%		18.8%
Households Receiving Public Assistance	7.3%						10.0%		
Median Family Income							\$24.50		
Population Age	Age 65 and Over			Age 18 and Over			Age 65 and Over		
	12.9%			74.2%			15.7%		

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding errors are immaterial and have no effect on related analyses or conclusions.

DESCRIPTION OF ASSESSMENT AREA: ALEXANDER CITY REGION (Continued)

The Alexander City assessment area consists of Coosa and Tallapoosa counties, which are not part of an MSA. According to estimated U.S. Census data, the total population of the Alexander City assessment area was 52,264 as of July 1, 1998. This represents an increase of 4.8 percent over the 1990 U.S. Census figure, which was 49,889. Economic market data showed that 64.1 percent of the housing units were owner-occupied, 19.4 percent were rental units, and 16.5 percent were vacant units. The median housing value was \$41,686. The median family income for the Alexander City assessment area was \$26,512, which was lower than the median family incomes of \$32,242 for the overall assessment area and \$28,688 for the state.

The local economy is stable, based on information obtained from the Regional Economic Information System as of 1995. The leading industries in the assessment area are manufacturing, services, retail trade, and government employment. From 1990 through 1995, most of the leading industries in the assessment area experienced growth. Employment levels in this assessment area increased from 1990 through 1995; however, farm proprietors experienced a slight decrease in employment levels. The U.S. Bureau of Labor Statistics shows that the unemployment rates for Coosa County as of February 1, 1997, 1998, and 1999 were 3.8 percent, 3.7 percent, and 4.7 percent, respectively. The unemployment rates for Tallapoosa County as of February 1, 1997, 1998, and 1999 were 5.6 percent, 4.4 percent, and 4.0 percent, respectively.

The 1994 U.S. Census employment data for county business patterns showed a total of 895 business establishments in this assessment area. Of 895 businesses, 834 (93.2 percent) were small businesses with fewer than 50 employees.

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

DESCRIPTION OF ASSESSMENT AREA: BIRMINGHAM REGION

DEMOGRAPHIC COMPARISON											
Category	WHOLE BANK										
	Number					Percent					
Distribution of Tracts											Number
Low-Income Tracts	25					10.0%					18
Moderate-Income Tracts	45					18.0%					35
Middle-Income Tracts	110					44.0%					67
Upper-Income Tracts	70					28.0%					52
Total Assessment Area	250					100.0%					172
Housing Units - Tract Distribution	Owner-Occupied			Rental			Vacant			Owner-Occupied	
Low-Income Tracts	12,189	4.6%	22,594	17.0%	5,470	14.1%	9,348	4.9%	16,411	7.8%	
Moderate-Income Tracts	42,615	16.0%	28,266	21.3%	8,451	21.7%	34,241	17.9%	23,311	11.1%	
Middle-Income Tracts	122,232	45.8%	49,852	37.6%	17,082	44.0%	78,343	40.9%	31,711	15.1%	
Upper-Income Tracts	90,113	33.7%	32,025	24.1%	7,856	20.2%	69,491	36.3%	24,611	11.7%	
Total	267,149	100.0%	132,737	100.0%	38,859	100.0%	191,423	100.0%	96,611	46.6%	
Housing Units - Percentage in Tract											
Low-Income Tracts	30.3%			56.1%			13.6%			31.7%	
Moderate-Income Tracts	53.7%			35.6%			10.7%			52.9%	
Middle-Income Tracts	64.6%			26.4%			9.0%			65.6%	
Upper-Income Tracts	69.3%			24.6%			6.0%			70.5%	
Total Assessment Area	60.9%			30.3%			8.9%			61.3%	
Population - Tract Distribution	Families		Households		Population		Families				
Low-Income Tracts	22,520	7.8%	34,655	8.7%	94,247	8.9%	16,971	8.2%	25,811	12.5%	
Moderate-Income Tracts	48,311	16.8%	70,363	17.6%	194,524	18.4%	38,808	18.9%	57,111	27.6%	
Middle-Income Tracts	125,981	43.9%	172,214	43.1%	454,430	42.9%	80,188	39.0%	110,111	52.8%	
Upper-Income Tracts	90,088	31.4%	122,179	30.6%	315,866	29.8%	69,743	33.9%	94,011	44.9%	
Total	286,900	100.0%	399,411	100.0%	1,059,067	100.0%	205,710	100.0%	287,011	140.0%	
Population - Percentage by Income											
Low-Income	61,639	21.5%	101,029	25.3%			43,909	21.3%	72,611	34.9%	
Moderate-Income	47,002	16.4%	59,652	14.9%			33,685	16.4%	42,611	20.1%	
Middle-Income	59,091	20.6%	71,036	17.8%			42,115	20.5%	50,511	24.4%	
Upper-Income	119,168	41.5%	167,694	42.0%			86,001	41.8%	120,211	57.6%	
Total	286,900	100.0%	399,411	100.0%			205,710	100.0%	287,011	140.0%	
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families		
Low-Income Tracts	28.3%		22.3%	8.8%	4.3%	1.8%	30.0%		23.1%		
Moderate-Income Tracts	29.2%		28.5%	24.3%	17.1%	7.8%	33.1%		31.1%		
Middle-Income Tracts	35.1%		38.9%	49.4%	52.7%	40.0%	29.1%		33.1%		
Upper-Income Tracts	7.3%		10.3%	17.5%	25.9%	50.5%	7.8%		11.1%		
Total	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%		
Families - Percentage in Tract											
Low-Income Tracts	44.7%		61.0%	18.3%	11.3%	9.4%	43.3%		59.1%		
Moderate-Income Tracts	21.4%		36.3%	23.6%	20.9%	19.1%	20.9%		36.1%		
Middle-Income Tracts	9.9%		19.0%	18.4%	24.7%	37.8%	8.9%		18.1%		
Upper-Income Tracts	2.9%		7.0%	9.1%	17.0%	66.8%	2.7%		6.9%		
Total Assessment Area	12.4%		21.5%	16.4%	20.6%	41.5%	11.9%		21.1%		
Households Receiving Public Assistance	7.3%										
Median Family Income											
Population Age	Age 65 and Over					Age 18 and Over					
	12.9%					74.2%					13.2%

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding errors are immaterial and have no effect on related analyses or conclusions.

DESCRIPTION OF ASSESSMENT AREA: BIRMINGHAM REGION (Continued)
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The Birmingham assessment area consists of Jefferson and Shelby counties, which are in the Birmingham MSA. According to estimated U.S. Census data, the total population of the Birmingham assessment area was 800,239 as of July 1, 1998. This represents an increase of 6.6 percent over the 1990 U.S. Census figure, which was 750,883. Economic market data showed that 61.3 percent of the housing units were owner-occupied, 30.8 percent were rental units, and 8.0 percent were vacant units. The median housing value was \$60,979. The median family income for the Birmingham assessment area was \$32,812, which was slightly higher than the median income of \$32,242 for the overall assessment area and above the state's median income of \$28,688.

The local economy is stable, based on information obtained from the Regional Economic Information System as of 1995. The leading industries in the assessment area are services, retail trade, government, and manufacturing. From 1990 through 1995, most of the leading industries in this assessment area experienced growth. Employment levels increased from 1990 through 1995; however, farm proprietors experienced a slight decrease in employment levels. The U.S. Bureau of Labor Statistics shows that the unemployment rates for Jefferson County as of February 1, 1997, 1998, and 1999 were 3.7 percent, 2.9 percent, and 2.9 percent, respectively. The unemployment rates for Shelby County as of February 1, 1997, 1998, and 1999 were 2.1 percent, 1.6 percent, and 1.5 percent, respectively.

The 1994 U.S. Census employment data for county business patterns showed a total of 19,744 business establishments in this assessment area. Of the 19,744 businesses, 18,463 (93.5 percent) were small businesses with fewer than 50 employees.

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

DESCRIPTION OF ASSESSMENT AREA: MONTGOMERY REGION

Category	DEMOGRAPHIC COMPARISON									
	WHOLE BANK					MONTGOMERY				
Distribution of Tracts	Number					Percent				
Low-Income Tracts	25					10.0%				
Moderate-Income Tracts	45					18.0%				
Middle-Income Tracts	110					44.0%				
Upper-Income Tracts	70					28.0%				
Total Assessment Area	250					100.0%				
Housing Units - Tract Distribution	Owner-Occupied		Rental		Vacant		Owner-Occupied		Rental	
Low-Income Tracts	12,189	4.6%	22,594	17.0%	5,470	14.1%	2,841	4.6%	6,135	13.5%
Moderate-Income Tracts	42,615	16.0%	28,266	21.3%	8,451	21.7%	8,374	13.6%	4,878	12.7%
Middle-Income Tracts	122,232	45.8%	49,852	37.6%	17,082	44.0%	31,322	51.0%	14,110	37.1%
Upper-Income Tracts	90,113	33.7%	32,025	24.1%	7,856	20.2%	18,823	30.7%	7,222	18.8%
Total	267,149	100.0%	132,737	100.0%	38,859	100.0%	61,360	100.0%	32,345	100.0%
Housing Units - Percentage in Tract										
Low-Income Tracts	30.3%		56.1%		13.6%		26.5%		57.2%	
Moderate-Income Tracts	53.7%		35.6%		10.7%		57.5%		33.5%	
Middle-Income Tracts	64.6%		26.4%		9.0%		61.5%		27.7%	
Upper-Income Tracts	69.3%		24.6%		6.0%		67.6%		26.0%	
Total Assessment Area	60.9%		30.3%		8.9%		59.0%		31.1%	
Population - Tract Distribution	Families		Households		Population		Families		Households	
Low-Income Tracts	22,520	7.8%	34,655	8.7%	94,247	8.9%	5,549	8.3%	8,852	8.5%
Moderate-Income Tracts	48,311	16.8%	70,363	17.6%	194,524	18.4%	9,503	14.2%	13,256	12.5%
Middle-Income Tracts	125,981	43.9%	172,214	43.1%	454,430	42.9%	33,322	49.7%	45,442	42.4%
Upper-Income Tracts	90,088	31.4%	122,179	30.6%	315,866	29.8%	18,663	27.8%	26,049	24.2%
Total	286,900	100.0%	399,411	100.0%	1,059,067	100.0%	67,037	100.0%	93,599	100.0%
Population - Percentage by Income										
Low-Income	61,639	21.5%	101,029	25.3%			15,065	22.5%	23,994	25.6%
Moderate-Income	47,002	16.4%	59,652	14.9%			11,038	16.5%	14,373	15.3%
Middle-Income	59,091	20.6%	71,036	17.8%			14,041	20.9%	16,909	18.1%
Upper-Income	119,168	41.5%	167,694	42.0%			26,893	40.1%	38,323	41.0%
Total	286,900	100.0%	399,411	100.0%			67,037	100.0%	93,599	100.0%
Families - Tract Distribution	Families < Poverty Level		Low-Income Families	Moderate-Income	Middle-Income	Upper-Income	Families < Poverty Level		Low-Income Families	
Low-Income Tracts	28.3%		22.3%	8.8%	4.3%	1.8%	29.9%		23.7%	
Moderate-Income Tracts	29.2%		28.5%	24.3%	17.1%	7.8%	24.7%		23.7%	
Middle-Income Tracts	35.1%		38.9%	49.4%	52.7%	40.0%	39.1%		44.1%	
Upper-Income Tracts	7.3%		10.3%	17.5%	25.9%	50.5%	6.3%		8.5%	
Total	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	
Families - Percentage in Tract										
Low-Income Tracts	44.7%		61.0%		18.3%		11.3%		9.4%	
Moderate-Income Tracts	21.4%		36.3%		23.6%		20.9%		19.1%	
Middle-Income Tracts	9.9%		19.0%		18.4%		24.7%		37.8%	
Upper-Income Tracts	2.9%		7.0%		9.1%		17.0%		66.8%	
Total Assessment Area	12.4%		21.5%		16.4%		20.6%		41.5%	
Households Receiving Public Assistance						7.3%				
Median Family Income						\$32,000				
Population Age	Age 65 and Over					Age 18 and Over				
	12.9%					74.2%				
						Age 65 and Over				
						13.2%				

Totals in percentage columns are calculated independently and may not be exactly equal to the sum of the components due to rounding of the components. Rounding errors are immaterial and have no effect on related analyses or conclusions.

DESCRIPTION OF ASSESSMENT AREA: MONTGOMERY REGION (Continued)

The Montgomery assessment area consists of Elmore and Montgomery counties, which are in the Montgomery MSA. According to estimated U.S. Census data, the total population of the Montgomery assessment area was 279,686 as of July 1, 1998. This represents an increase of 8.3 percent over the 1990 U.S. Census figure, which was 258,295. Economic market data showed that 59.0 percent of the housing units were owner-occupied, 31.1 percent were rental units, and 9.9 percent were vacant units. The median housing value was \$60,829. The median family income for the Montgomery assessment area was \$32,015, which was slightly lower than the median income of \$32,242 for the overall assessment area, but higher than the state's median income of \$28,688.

The local economy is stable, based on information obtained from the Regional Economic Information System as of 1995. The leading industries in this assessment area are services, government, retail trade, and manufacturing. From 1990 through 1995, most of the leading industries experienced growth. Employment levels in this assessment area increased from 1990 through 1995; however, farm proprietors experienced a slight decrease in employment levels. The U.S. Bureau of Labor Statistics shows that the unemployment rates for Elmore County as of February 1, 1997, 1998, and 1999 were 4.1 percent, 2.7 percent, and 3.1 percent, respectively. The unemployment rates for Montgomery County as of February 1, 1997, 1998, and 1999 were 4.7 percent, 3.5 percent, and 2.9 percent, respectively.

The 1994 U.S. Census employment data for county business patterns showed a total of 6,703 business establishments in this assessment area. Of the 6,703 businesses, 6,296 (93.9 percent) were small businesses with fewer than 50 employees.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

Aliant Bank's average loan-to-deposit (LTD) ratio meets standards for satisfactory performance. The bank's average LTD ratio for the eight-quarter period ending March 31, 1999, was 83.6 percent and is consistent with the average LTD ratios of similarly situated depository institutions (peer institutions) serving the assessment area. The eight-quarter average LTD ratios for three peer institutions ranged from 78.0 percent to 97.2 percent. Aliant Bank has 14 offices while the other three peer institutions have branch networks ranging from 7 branches to 14 branches. Aliant Bank's LTD ratio has remained relatively constant since the previous examination.

Assessment Area Concentration

Lending in the assessment area exceeds standards for satisfactory performance. An analysis of the bank's record of lending inside its assessment area indicates that it is originating the substantial majority of its loans inside the assessment area. The analysis consisted of a review of 1997 and 1998 HMDA lending activity, samples of small business loans originated in 1998, and a sample of unsecured consumer loans originated in 1998.

The following table shows the level of lending inside and outside the assessment area for each loan type.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA										
Loan Type	IN				OUT				TOTALS	
	Number	Percent	\$ (000s)	Percent	Number	Percent	\$ (000s)	Percent	Number	\$ (000s)
Small Business	455	95.8%	\$16,326	95.9%	20	4.2%	\$697	4.1%	475	\$17,023
HMDA	1,720	93.9%	\$136,474	92.9%	111	6.1%	\$10,362	7.1%	1,831	\$146,836
Consumer	942	93.7%	\$6,359	94.6%	63	6.3%	\$365	5.4%	1,005	\$6,724
TOTAL	3,117	94.1%	\$159,159	93.3%	194	5.9%	\$11,424	6.7%	3,311	\$170,583

Based on the information in the table, the substantial majority of all three types of loans are inside the assessment area. Of the 3,311 loans in the analysis, 94.1 percent by number of loans and 93.3 percent by dollar volume were originated inside the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

OVERALL ASSESSMENT AREA

HMDA LENDING

The bank's distribution of HMDA lending meets standards for satisfactory performance when compared to the demographics of the assessment area. The following table shows the numbers and percentages of loans originated to borrowers of different income levels.

HMDA LENDING BY BORROWER INCOME – WHOLE BANK		
Borrower Income Level		
Low-Income	131	7.6%
Moderate-Income	247	14.4%
Middle-Income	366	21.3%
Upper-Income	920	53.5%
Income Not Available	56	3.3%
<i>Total</i>	<i>1,720</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 5, 21.5 percent of the families in the overall assessment area are low-income, 16.4 percent are moderate-income, 20.6 percent are middle-income, and 41.5 percent are upper-income. In addition, 12.4 percent of all families in the overall assessment area are below the poverty level.

The bank's HMDA lending to low-income borrowers is below the percentage of low-income families in the assessment area. If poverty level families are predominately low-income and generally not in the market for housing-related credit, then the bank's percentage of originations would be close to the remaining percentage of low-income families. The lending percentage to moderate-income borrowers is comparable to the percentage of moderate-income families within the assessment area. Lending percentages to middle- and upper-income borrowers are generally consistent with the percentages of middle- and upper-income families in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

OVERALL ASSESSMENT AREA

SMALL BUSINESS LENDING

Lending to businesses of different sizes exceeds standards for satisfactory performance. The following table shows the numbers and percentages of loans to businesses with revenues under and over \$1 million as well as a breakdown of the loans by loan amount in three categories.

SMALL BUSINESS LENDING – WHOLE BANK		
Lending by Business Revenue		
\$1 Million or Less	444	97.6%
Over \$1 Million	11	2.4%
Not Available	0	0.0%
Loan Size		
\$100,000 or Less	420	92.3%
\$100,001 - \$250,000	24	5.3%
\$250,001 - \$1 Million	11	2.4%
<i>Total</i>	<i>455</i>	<i>100.0%</i>

A review of the bank's record of lending to businesses of different sizes revealed that of the 455 business loans in original amounts of \$1 million or less, the substantial majority of loans were made to businesses with revenues of \$1 million or less. Approximately 92.3 percent of the loans were in amounts of \$100,000 or less, showing the willingness of the bank to serve the needs of small businesses.

CONSUMER LENDING

The bank's record of consumer lending to borrowers of different income levels meets standards for satisfactory performance. The following table shows the distribution of consumer lending by income levels of borrowers in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

OVERALL ASSESSMENT AREA

CONSUMER LENDING (Continued)

CONSUMER LENDING BY BORROWER INCOME – WHOLE BANK		
Borrower Income Level		
Low-Income	175	18.6%
Moderate-Income	220	23.4%
Middle-Income	217	23.0%
Upper-Income	283	30.0%
Income Not Available	47	5.0%
<i>Total</i>	<i>942</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 5, 21.5 percent of the families in the overall assessment area are low-income, 16.4 percent are moderate-income, 20.6 percent are middle-income, and 41.5 percent are upper-income. 12.4 percent of all families in the overall assessment area are below the poverty level. The percentage of the bank's consumer lending to low-income borrowers is close to the percentage of low-income families in the assessment area. The percentage of consumer lending to moderate-income borrowers is greater than the percentage of moderate-income families in the assessment area. The lending percentage to middle-income borrowers is greater than the percentage of middle-income families in the assessment area. However, the lending percentage to upper-income borrowers is lower than the percentage of upper-income families in the overall assessment area.

CONCLUSION

Aliant Bank's lending to borrowers of different incomes and businesses of different sizes in the overall assessment area meets standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

ALEXANDER CITY ASSESSMENT AREA

HMDA LENDING

The following table shows the distribution of HMDA lending by the numbers and percentages of originations to different borrower income levels.

HMDA LENDING BY BORROWER INCOME – ALEXANDER CITY		
Borrower Income Level		
Low-Income	66	8.1%
Moderate-Income	123	15.2%
Middle-Income	166	20.5%
Upper-Income	436	53.8%
Income Not Available	19	2.3%
<i>Total</i>	<i>810</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 5, 18.8 percent of the families in the Alexander City assessment area are low-income, 16.1 percent are moderate-income, 20.7 percent are middle-income, and 44.3 percent are upper-income. 13.6 percent of all families in the assessment area are below the poverty level. The percentage of HMDA lending to low-income borrowers is below the percentage of low-income families in the Alexander City assessment area. If poverty level families are predominately low-income and generally not in the market for housing-related credit, then the bank's percentage of originations is consistent with the remaining percentage of low-income families. The lending percentage to moderate-income families is consistent with the percentage of moderate-income families in the assessment area. Also, the lending percentage to middle-income families is consistent with the percentage of middle-income families. The lending percentage to upper-income families is greater than the percentage of upper-income families in the assessment area. The bank's distribution of HMDA loans in this assessment area to borrowers of different incomes is reasonable.

SMALL BUSINESS LENDING

The following table shows the numbers and percentages of loans to businesses with revenues under and over \$1 million as well as a breakdown of the loans by loan amount in three categories.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

ALEXANDER CITY ASSESSMENT AREA

SMALL BUSINESS LENDING (Continued)

SMALL BUSINESS LENDING – ALEXANDER CITY		
Lending by Business Revenue		
\$1 Million or Less	81	92.0%
Over \$1 Million	7	8.0%
Not Available	0	0.0%
Loan Size		
\$100,000 or Less	82	93.2%
\$100,001 - \$250,000	5	5.7%
\$250,001 - \$1 Million	1	1.1%
<i>Total</i>	<i>88</i>	<i>100.0%</i>

A review of the bank's record of lending to businesses of different sizes in the Alexander City assessment area revealed that of the 88 business loans in original amounts of \$1 million or less, the substantial majority of loans were to businesses with revenues of \$1 million or less. 93.2 percent of the loans were in amounts of \$100,000 or less, showing the willingness of the bank to serve the needs of small businesses.

CONSUMER LENDING

The following table shows the distribution of consumer lending by income levels of borrowers.

CONSUMER LENDING BY BORROWER INCOME – ALEXANDER CITY		
Borrower Income Level		
Low-Income	51	14.0%
Moderate-Income	111	30.4%
Middle-Income	81	22.2%
Upper-Income	97	26.6%
Income Not Available	25	6.8%
<i>Total</i>	<i>365</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

ALEXANDER CITY ASSESSMENT AREA

CONSUMER LENDING (Continued)

As shown in the demographic analysis table in the description of assessment area on page 5, 18.8 percent of the families in the Alexander City Assessment Area are low-income, 16.1 percent are moderate-income, 20.7 percent are middle-income, and 44.3 percent are upper-income. 13.6 percent of all families in the Alexander City assessment area are below the poverty level. The percentage of the bank's consumer lending to low-income borrowers is close to the percentage of low-income families in the assessment area. The percentage of consumer loans to moderate-income borrowers is greater than the percentage of moderate-income families. The percentage of consumer loans to middle-income borrowers is also greater than the percentage of middle-income families. Lending percentage to upper-income borrowers is below the percentage of upper-income families in the Alexander City assessment area.

CONCLUSION

Aliant Bank's lending to borrowers of different incomes and businesses of different sizes in the Alexander City assessment area meets standards for satisfactory performance.

BIRMINGHAM ASSESSMENT AREA

HMDA LENDING

The following table shows the distribution of HMDA lending by numbers and percentages of loans to different borrower income levels.

HMDA LENDING BY BORROWER INCOME – BIRMINGHAM		
Borrower Income Level		
Low-Income	0	0.0%
Moderate-Income	2	4.1%
Middle-Income	6	12.2%
Upper-Income	38	77.6%
Income Not Available	3	6.1%
<i>Total</i>	<i>49</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

BIRMINGHAM ASSESSMENT AREA (CONTINUED)

HMDA LENDING (Continued)

As shown in the demographic analysis table in the description of assessment area on page 7, 21.3 percent are middle-income, and 41.8 percent are upper-income. 11.9 percent of all families in the Birmingham assessment area are below the poverty level. The percentages of HMDA loans to low-income and moderate-income borrowers are below the percentages of low-income and moderate-income families in the assessment area. No HMDA loans were originated to low-income borrowers, even though there is a significant percentage of low-income families in the Birmingham assessment area. Note that the bank's two offices that serve this assessment area are located in upper-income census tracts. 11.0 percent of the low-income and 19.3 percent of the moderate-income families are located in upper-income census tracts. This may indicate limited convenience or accessibility to the bank's facilities for significant percentages of low- and moderate-income families. The percentage of loans to middle-income families was also less than the percentage of middle-income families. The percentage of HMDA loans to upper-income families exceeded the percentage of upper-income families in the Birmingham assessment area.

SMALL BUSINESS LENDING

The following table shows the numbers and percentages of loans to businesses with revenues under and over \$1 million as well as a breakdown of the loans by loan amount in three categories.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

BIRMINGHAM ASSESSMENT AREA

SMALL BUSINESS LENDING (Continued)

SMALL BUSINESS LENDING – BIRMINGHAM		
Lending by Business Revenue		
\$1 Million or Less	52	98.1%
Over \$1 Million	1	1.9%
Not Available	0	0.0%
Loan Size		
\$100,000 or Less	41	77.4%
\$100,001 - \$250,000	7	13.2%
\$250,001 - \$1 Million	5	9.4%
<i>Total</i>	<i>53</i>	<i>100.0%</i>

A review of the bank's record of lending to businesses of different sizes revealed that of the 53 business loans in original amounts of \$1 million or less, the substantial majority of loans were made to businesses with revenues of \$1 million or less. 77.4 percent of the loans were in amounts of \$100,000 or less, showing the willingness of the bank to serve the needs of small businesses.

CONSUMER LENDING

The following table shows the distribution of consumer lending by income levels of borrowers.

CONSUMER LENDING BY BORROWER INCOME – BIRMINGHAM		
Borrower Income Level		
Low-Income	3	5.9%
Moderate-Income	5	9.8%
Middle-Income	8	15.7%
Upper-Income	35	68.6%
Income Not Available	0	0.0%
<i>Total</i>	<i>51</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

BIRMINGHAM ASSESSMENT AREA

CONSUMER LENDING (Continued)

As shown in the demographic analysis table in the description of assessment area on page 7, 21.3 percent of the families in the Birmingham assessment area are low-income, 16.4 percent are moderate-income, 20.5 percent are middle-income, and 41.8 percent are upper-income. 11.9 percent of all families in the Birmingham assessment area are below the poverty level. The percentages of consumer loans to low-, moderate-, and middle-income borrowers are below the percentages of families in all three of these income groups in this assessment area. This distribution of loans may be attributable to the bank's branches in this assessment area being located exclusively in upper-income census tracts, which may not be easily accessible or convenient to many low-, moderate-, or middle-income borrowers. The percentage of loans to upper-income borrowers exceeds the percentage of upper-income families in the Birmingham assessment area.

CONCLUSION

Based on its performance in HMDA and consumer lending, Aliant Bank's lending to borrowers of different incomes and businesses of different sizes in the Birmingham assessment area does not meet standards for satisfactory performance.

MONTGOMERY ASSESSMENT AREA

HMDA LENDING

The following table shows the distribution of HMDA lending by income levels of borrowers.

HMDA LENDING BY BORROWER INCOME – MONTGOMERY		
Borrower Income Level		
Low-Income	65	7.5%
Moderate-Income	122	14.2%
Middle-Income	194	22.5%
Upper-Income	446	51.8%
Income Not Available	34	3.9%
<i>Total</i>	<i>861</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

MONTGOMERY ASSESSMENT AREA

HMDA LENDING (Continued)

As shown in the demographic analysis table in the description of assessment area on page 9, 22.5 percent of the families in the Montgomery assessment area are low-income, 16.5 percent are moderate-income, 20.9 percent are middle-income, and 40.1 percent are upper-income. 13.5 percent of all families in the Montgomery assessment area are below the poverty level. The percentage of HMDA lending to low-income borrowers is below the percentage of low-income families in this assessment area. If families living below the poverty level are considered low-income and are generally not in the market for housing-related credit, then the bank's percentage of originations is close to the remaining percentage of low-income families. The lending percentage to moderate-income families is comparable to the percentage of moderate-income families. Lending percentages to middle- and upper-income families are greater than the percentages of middle- and upper-income families in the Montgomery assessment area.

SMALL BUSINESS LENDING

The following table shows the numbers and percentages of loans to businesses with revenues under and over \$1 million as well as a breakdown of the loans by loan amount in three categories.

SMALL BUSINESS LENDING – MONTGOMERY		
Lending by Business Revenue		
\$1 Million or Less	311	99.0%
Over \$1 Million	3	1.0%
Not Available	0	0.0%
Loan Size		
\$100,000 or Less	297	94.6%
\$100,001 - \$250,000	12	3.8%
\$250,001 - \$1 Million	5	1.6%
<i>Total</i>	<i>314</i>	<i>100.0%</i>

A review of the bank's record of lending to businesses of different sizes in the Montgomery assessment area revealed that of the 314 business loans in original amounts of \$1 million or less, the substantial majority of loans were to businesses with revenues of \$1 million or less. 94.6 percent of the loans were in amounts of \$100,000 or less, showing the willingness of the bank to serve the needs of small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes (Continued)

MONTGOMERY ASSESSMENT AREA

CONSUMER LENDING

The following table shows the distribution of consumer lending by income levels of borrowers.

CONSUMER LENDING BY BORROWER INCOME – MONTGOMERY		
Borrower Income Level		
Low-Income	121	23.0%
Moderate-Income	104	19.8%
Middle-Income	128	24.3%
Upper-Income	151	28.7%
Income Not Available	22	4.2%
<i>Total</i>	<i>526</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 9, 22.5 percent of the families in the Montgomery assessment area are low-income, 16.5 percent are moderate-income, 20.9 percent are middle-income, and 40.1 percent are upper-income. 13.5 percent of all families in the Montgomery assessment area are below the poverty level. The percentages of the bank's consumer lending to low- and moderate-income borrowers exceed the percentages of low- and moderate-income families in this assessment area. Also, the percentage of consumer lending to middle-income borrowers exceeds the percentage of middle-income families in the assessment area. The lending percentage to upper-income borrowers is below the percentage of upper-income families in the Montgomery assessment area.

CONCLUSION

Aliant Bank's lending to borrowers of different incomes and businesses of different sizes in the Montgomery assessment area meets standards for satisfactory performance.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans

OVERALL ASSESSMENT AREA

The geographic distribution of loans meets standards for satisfactory performance. The following table shows the dispersion of loans throughout the assessment area.

GEOGRAPHIC DISTRIBUTION – WHOLE BANK		
Tract Income Level	HMDA	
Low-Income Tracts	7	0.4%
Moderate-Income Tracts	82	4.8%
Middle-Income Tracts	1,173	68.2%
Upper-Income Tracts	458	26.6%
<i>Total</i>	<i>1,720</i>	<i>100.0%</i>
	Small Business	
Low-Income Tracts	42	9.2%
Moderate-Income Tracts	51	11.2%
Middle-Income Tracts	218	47.9%
Upper-Income Tracts	144	31.6%
<i>Total</i>	<i>455</i>	<i>100.0%</i>
	Consumer	
Low-Income Tracts	10	1.1%
Moderate-Income Tracts	66	7.0%
Middle-Income Tracts	634	67.3%
Upper-Income Tracts	232	24.6%
<i>Total</i>	<i>942</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 5, 7.8 percent of the families in the overall assessment area reside in low-income census tracts, 16.8 percent reside in moderate-income census tracts, 43.9 percent reside in middle-income census tracts, and 31.4 percent reside in upper-income census tracts. Note that the Alexander City assessment area, where the bank originates a significant percentage of its HMDA loans, contains no low- or moderate-income census tracts.

The percentages of HMDA and consumer loans in low- and moderate-income census tracts in the overall assessment area are below the percentages of families located in those tracts. The percentages of HMDA and consumer loans in middle-income census tracts are significantly above the percentage of families in middle-income census tracts. The lending percentage in upper-income census tracts is comparable to the percentage of families in upper-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

OVERALL ASSESSMENT AREA

For the overall assessment area's low- and moderate-income census tracts, 44.7 percent of the families in low-income census tracts and 21.4 percent of families in moderate-income census tracts are below the poverty level. As a component of the market segment representing families in these census tracts, families below the poverty level may not be in the market for housing-related credit. The ability to originate HMDA loans also depends to a great extent on the number of owner-occupied housing units in a given area. In the overall assessment area, 7.8 percent of the families and 4.6 percent of the owner-occupied housing is located in low-income census tracts. Because of these factors, the bank's performance in geographic distribution is considered a less reliable indicator than lending distribution on borrower characteristics, for determining performance in serving the low- and moderate-income segments of the assessment area.

According to Dun & Bradstreet data as of July 1998, businesses with revenues less than \$1 million are geographically distributed as follows: 11.5 percent in low-income census tracts, 17.5 percent in moderate-income census tracts, 34.4 percent in middle-income census tracts, and 36.6 percent in upper-income census tracts. Overall, the geographic distribution of small business loans is comparable to the distribution of small business locations in the overall assessment area.

ALEXANDER CITY ASSESSMENT AREA

The following table shows the dispersion of loans throughout the Alexander City assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

ALEXANDER CITY ASSESSMENT AREA

GEOGRAPHIC DISTRIBUTION – ALEXANDER CITY		
Tract Income Level	HMDA	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	0	0.0%
Middle-Income Tracts	688	84.9%
Upper-Income Tracts	122	15.1%
<i>Total</i>	<i>810</i>	<i>100.0%</i>
	Small Business	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	0	0.0%
Middle-Income Tracts	77	87.5%
Upper-Income Tracts	11	12.5%
<i>Total</i>	<i>88</i>	<i>100.0%</i>
	Consumer	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	0	0.0%
Middle-Income Tracts	328	89.9%
Upper-Income Tracts	37	10.1%
<i>Total</i>	<i>365</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 5, 88.1 percent of the families in the Alexander City assessment area are in middle-income census tracts, and 11.9 percent are in upper-income census tracts. Note that the Alexander City assessment area contains no low- or moderate-income census tracts. 87.5 percent of owner-occupied units are in middle-income census tracts, and 12.5 percent are in upper-income census tracts.

The geographic distribution of HMDA and consumer loans for the Alexander City assessment area is consistent with the distribution of families in middle- and upper-income census tracts.

According to Dun & Bradstreet data as of July 1998, businesses with revenues less than \$1 million are geographically distributed as follows: 94.5 percent in middle-income and 5.5 percent in upper-income census tracts. The geographic distribution of small business loans is comparable to the distribution of small businesses in the Alexander City assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

BIRMINGHAM ASSESSMENT AREA

The following table shows the dispersion of loans throughout the Birmingham assessment area.

GEOGRAPHIC DISTRIBUTION – BIRMINGHAM		
Tract Income Level	HMDA	
Low-Income Tracts	0	0.0%
Moderate-Income Tracts	0	0.0%
Middle-Income Tracts	16	32.7%
Upper-Income Tracts	33	67.3%
<i>Total</i>	<i>49</i>	<i>100.0%</i>
	Small Business	
Low-Income Tracts	13	24.5%
Moderate-Income Tracts	5	9.4%
Middle-Income Tracts	15	28.3%
Upper-Income Tracts	20	37.7%
<i>Total</i>	<i>53</i>	<i>100.0%</i>
	Consumer	
Low-Income Tracts	2	3.9%
Moderate-Income Tracts	2	3.9%
Middle-Income Tracts	19	37.3%
Upper-Income Tracts	28	54.9%
<i>Total</i>	<i>51</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 7, 8.2 percent of the families in the Birmingham assessment area are in low-income census tracts, 18.9 percent are in moderate-income census tracts, 39.0 percent are in middle-income census tracts, and 33.9 percent are in upper-income census tracts. In the Birmingham assessment area's low- and moderate-income census tracts, 43.3 percent of the families in low-income census tracts and 20.9 percent of families in moderate-income census tracts live below the poverty level. Usually, families living below the poverty level are not in the market for housing-related credit. In addition, the ability to originate HMDA loans also depends on the number of owner-occupied housing units in a given area. In the Birmingham assessment area, 4.9 percent of the owner-occupied housing is located in low-income census tracts and 17.9 percent is in moderate-income census tracts.

The percentages of HMDA and consumer loans in low- and moderate-income census tracts in the Birmingham assessment area are below the percentages of families located in those tracts. The bank made no HMDA loans and a minimal number of consumer loans in low- and moderate-income census tracts during the review period. The lack of lending to these tracts may be partially attributed to the fact that the two offices serving this

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

BIRMINGHAM ASSESSMENT AREA

assessment area are located in upper-income census tracts. 11.0 percent of the low-income families and 19.3 percent of the moderate-income families live in upper-income census tracts. This may indicate limited convenience or accessibility to the bank's facilities for significant percentages of low- and moderate-income individuals. The percentage of loans in middle-income census tracts is close to the percentage of families in middle-income census tracts. The percentage of HMDA loans in upper-income census tracts is significantly higher than the percentage of families, and twice that of middle-income tracts, which contain a higher percentage of this assessment area's owner-occupied housing.

According to Dun & Bradstreet data as of July 1998, businesses with revenues less than \$1 million are geographically distributed as follows: 10.1 percent in low-income census tracts, 20.0 percent in moderate-income census tracts, 30.0 percent in middle-income census tracts, and 39.9 percent in upper-income census tracts. The percentage of small business loans in low-income census tracts exceeds the percentage of small businesses in low-income census tracts, while the percentage of small business loans in moderate-income census tracts is less than the percentage of small businesses in moderate-income census tracts. Overall, the geographic distribution of small business loans in low- and moderate-income census tracts is generally comparable to this distribution of small businesses in the Birmingham assessment area.

Based on its performance in HMDA and consumer lending, Aliant Bank's geographic distribution of loans in the Birmingham assessment area does not meet standards for satisfactory performance.

MONTGOMERY ASSESSMENT AREA

The table on the following page shows the dispersion of loans throughout the Montgomery assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

MONTGOMERY ASSESSMENT AREA

GEOGRAPHIC DISTRIBUTION – MONTGOMERY		
Tract Income Level	HMDA	
Low-Income Tracts	7	0.8%
Moderate-Income Tracts	82	9.5%
Middle-Income Tracts	469	54.5%
Upper-Income Tracts	303	35.2%
<i>Total</i>	<i>861</i>	<i>100.0%</i>
	Small Business	
Low-Income Tracts	29	9.2%
Moderate-Income Tracts	46	14.6%
Middle-Income Tracts	126	40.1%
Upper-Income Tracts	113	36.0%
<i>Total</i>	<i>314</i>	<i>100.0%</i>
	Consumer	
Low-Income Tracts	8	1.5%
Moderate-Income Tracts	64	12.2%
Middle-Income Tracts	287	54.6%
Upper-Income Tracts	167	31.7%
<i>Total</i>	<i>526</i>	<i>100.0%</i>

As shown in the demographic analysis table in the description of assessment area on page 9, 8.3 percent of the families in the Montgomery assessment area are in low-income census tracts, 14.2 percent are in moderate-income census tracts, 49.7 percent are in middle-income census tracts, and 27.8 percent are in upper-income census tracts. 48.9 percent of the families in low-income census tracts and 23.6 percent of families in moderate-income census tracts live below the poverty level. Usually, families living below the poverty level are not in the market for housing-related credit. In addition, the ability to originate HMDA loans also depends on the number of owner-occupied housing units in a given area. In the Montgomery assessment area, 4.6 percent of the owner-occupied housing is located in low-income census tracts and 13.6 percent is in moderate-income census tracts.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Geographic Distribution of Loans (Continued)

MONTGOMERY ASSESSMENT AREA

The percentages of HMDA and consumer loans in low- and moderate-income census tracts in the Montgomery assessment area are below the percentages of families living in those tracts. The bank's branches in the Montgomery assessment area are located in low-, middle-, and upper-income census tracts; therefore, they are considered reasonably accessible to individuals living in different types of census tracts. The ability to originate HMDA and consumer loans in low-income census tracts appears to be limited because almost half of the families there live below the poverty level, and these tracts contain less than 5 percent of the assessment area's owner-occupied housing units. Originations in moderate-income census tracts also appear influenced by the same factors, but are closer to reflecting the percentage of families in those census tracts. Originations in middle- and upper-income census tracts exceed the percentages of families in middle- and upper-income census tracts.

According to Dun & Bradstreet data as of July 1998, businesses with revenues less than \$1 million are geographically distributed as follows: 17.6 percent are in low-income census tracts, 12.1 percent are in moderate-income census tracts, 39.7 percent are in middle-income census tracts, and 30.6 percent are in upper-income census tracts. The geographic distribution of small business loans in low-, moderate-, middle-, and upper-income census tracts is comparable to the distribution of small business locations in the Montgomery assessment area.

Considering this assessment area's demographics, the geographic distribution of Aliant Bank's HMDA, small business, and consumer loans in the Montgomery assessment area meets standards for satisfactory performance.

Complaints

No complaints relating to the bank's compliance with CRA have been received since the previous examination.

Compliance with Antidiscrimination Laws

No credit practices inconsistent with the substantive provisions of fair housing and fair lending laws and regulations were identified. However, limited violations of technical aspects of the Home Mortgage Disclosure Act were noted.