

PUBLIC DISCLOSURE

January 29, 2001

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Aliant Bank
Alexander City, Alabama**

RSSD ID Number: 861434

**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 of opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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DEFINITIONS AND ABBREVIATIONS

Income Definitions

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

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

Performance Definitions Regarding Lending

- Excellent* - This rating is assigned to an institution with lending performance that substantially exceeds the characteristics of demographic data and aggregate performance.
- Good* - This rating is assigned to an institution with lending performance that slightly exceeds the characteristics of demographic data and aggregate performance.
- Adequate* - This rating is assigned to an institution with lending performance that is comparable to the characteristics of demographic data and aggregate performance.
- Poor* - This rating is assigned to an institution with lending performance that is significantly below the characteristics of demographic data and aggregate performance.
- Consistent* - This term is used to describe the performance of an institution in an assessment area reviewed not using full scope procedures when the performance is comparable to the performance in the state overall.
- *Not Consistent* - This term is used to describe the performance of an institution in an assessment area reviewed not using full scope procedures when the performance is not comparable to the performance in the state overall.

*A “not consistent” rating only illustrates the performance of an assessment area in comparison to the performance in the state as a whole. It does not necessarily indicate that the performance is less than satisfactory.

DEFINITIONS AND ABBREVIATIONS (Continued)

Abbreviations

BNA -	Block Numbering Area
CRA -	Community Reinvestment Act (Regulation BB)
HMDA -	Home Mortgage Disclosure Act (Regulation C)
HUD -	Department of Housing and Urban Development
LTD -	Loan-to-Deposit Ratio
MSA -	Metropolitan Statistical Area
SBA -	Small Business Administration

ROUNDING CONVENTION

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

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 CRA performance of Aliant Bank prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of January 29, 2001. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

INSTITUTION

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Based on a review of the bank's lending record, qualified investments, and services, Aliant Bank meets the standards for a satisfactory level of performance in its assessment areas; however, more emphasis should be placed on qualified investments and community development lending.

- **Lending Test** – A substantial majority of small business and HMDA loans are made in the bank's assessment areas. The bank has a good record of lending to borrowers of different income levels, and businesses of various revenue sizes. A review of the bank's HMDA and small business lending activity shows a good level of lending in low- and moderate-income census tracts. Considering the level of opportunity and competition in the bank's assessment areas, the bank has made an adequate level of community development loans. Since the previous examination, the bank has originated 4 community development loans totaling \$735,000 in its assessment areas.

- **Investment Test** – Considering the level of opportunity and competition in the market, and the bank's overall lending activity in the origination of HMDA and small business loans, the volume of qualified community development investments is adequate. Investments were limited to the purchase of a \$745,909 Alabama Financing Authority Bond and grants and donations totaling \$44,825 to nonprofit organizations.

- **Service Test** – The bank's systems for delivering retail-banking services are reasonably accessible to essentially all segments of the assessment areas. Business hours and services and do not vary in a way that inconveniences portions of the assessment areas. Additionally, the bank provides an adequate level of financial services to organizations that promote community development.

INSTITUTION (Continued)

The following table indicates the performance level of Aliant Bank with respect to the lending, investment, and service tests.

PERFORMANCE LEVELS	<u>Aliant Bank</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		
Low Satisfactory		X	X
Needs to Improve			
Substantial Noncompliance			

*Note: The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

INSTITUTION (Continued)

DESCRIPTION OF INSTITUTION

Aliant Bank is a community bank headquartered in Alexander City, Alabama. The bank is a wholly owned subsidiary of Aliant Financial Corporation, a single bank holding company located in Alexander City, Alabama. Wholly owned subsidiaries of Aliant Bank are First Montgomery Insurance Agency, Incorporated, Aliant Financial Services, and Aliant Mortgage Corporation (AMC). For the purpose of the CRA evaluation, Aliant Bank management elected not to have AMC's loan activity considered in the lending test analysis.

The bank operates 13 branch offices and 9 automated teller machines (ATMs) in five counties in central Alabama. The branches and ATMs are distributed as follows: 4 branches and 3 ATMs in Tallapoosa County, 1 branch and ATM in Shelby County, 1 branch and ATM in Jefferson County, 2 branches and 2 ATMs in Elmore County, and 5 branches and 2 ATMs in Montgomery County. For purposes of CRA, the bank's operations were organized into three assessment areas: the Alexander City assessment area, which includes Coosa and Tallapoosa Counties, the Birmingham assessment area, which includes Jefferson and Shelby Counties, and the Montgomery assessment area, which includes Elmore and Montgomery Counties. The Alexander City assessment area has no low- or moderate-income BNAs.

According to the September 30, 2000 Consolidated Reports of Condition and Income (Call Report), the bank had total assets of \$644.5 million. The composition of the loan portfolio according to the December 31, 1999 and September 30, 2000 Call Reports is displayed in the following table:

COMPOSITION OF LOAN PORTFOLIO				
Loan Type	9/30/2000		12/31/1999	
	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	\$33,470	6.9%	\$31,371	7.0%
Secured by One- to Four- Family Dwellings	\$188,473	38.6%	\$175,302	38.9%
Other Real Estate:				
Farmland	\$3,114	0.6%	\$2,945	0.7%
Multifamily	\$16,952	3.5%	\$14,413	3.2%
Nonfarm nonresidential	\$103,589	21.2%	\$94,353	21.0%
Commercial and Industrial	\$101,752	20.8%	\$89,987	20.0%
Loans to Individuals	\$41,026	8.4%	\$41,703	9.3%
Agricultural Loans	\$79	0.02%	\$152	0.03%
Total	\$488,455	100.00%	\$450,226	100.00%

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

INSTITUTION (Continued)

DESCRIPTION OF INSTITUTION (Continued)

As illustrated by the table on the preceding page, Aliant Bank's loan portfolio is primarily comprised of loans secured by one- to four-family dwellings, followed by loans secured by nonfarm nonresidential real estate, and commercial and industrial loans. A comparison of the two quarters reveals that the most significant loan growth by dollar amount was in loans secured by one-to-four family dwellings, which grew by \$13.1 million. During the same time period, commercial and industrial loans grew by \$11.8 million, and commercial real estate loans grew by \$9.2 million.

Aliant Bank's product offerings include the traditional deposit and loan products as well as the sale of nondeposit investment products such as mutual funds and annuities. Aliant Bank offers a variety of loan products to meet the credit needs of its assessment areas. The bank offers fixed and adjustable rate residential mortgage loans, business loans, and consumer purpose loans. However, the bank does not offer 30-year fixed rate mortgages, a product most commonly requested by low- and moderate-income borrowers. Typically, loan requests for 30-year fixed rate mortgages are referred to the bank's mortgage subsidiary.

Aliant Bank's average net LTD ratio for the seven quarters ended September 30, 2000, was 87.1 percent. The LTD ratio has increased for the past seven quarters from 83.2 percent as of March 31, 1999, to 89.3 percent as of September 30, 2000. Aliant Bank's average net LTD ratio was compared with the LTD ratios of five financial institutions of similar asset size with branch offices in the bank's assessment areas. The range of LTD ratios for these five banks was 82.5 percent to 106.8 percent.

Aliant Bank generally complies with the CRA. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment areas. The bank received a satisfactory CRA rating at its previous evaluation dated April 5, 1999, under the small bank CRA examination procedures.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The table below shows selected demographic information and Aliant Bank's lending performance for the overall institution.

ALIA NT B A N K								
D E M O G R A P H I C S								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-Income	25	10.0%	22,520	7.8%	10,060	44.7%	61,639	21.5%
Moderate-Income	45	18.0%	48,311	16.8%	10,354	21.4%	47,002	16.4%
Middle-Income	110	44.0%	125,981	43.9%	12,468	9.9%	59,091	20.6%
Upper-Income	70	28.0%	90,088	31.4%	2,604	2.9%	119,168	41.5%
Total Assessment Area *	250	100.0%	286,900	100.0%	35,486	12.4%	286,900	100.0%
Income Categories	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
Low-Income	40,253	12,189	4.6%	30.3%	22,594	56.1%	5,470	13.6%
Moderate-Income	79,332	42,615	16.0%	53.7%	28,266	35.6%	8,451	10.7%
Middle-Income	189,166	122,232	45.8%	64.6%	49,852	26.4%	17,082	9.0%
Upper-Income	129,994	90,113	33.7%	69.3%	32,025	24.6%	7,856	6.0%
Total Assessment Area *	438,745	267,149	100.0%	60.9%	132,737	30.3%	38,859	8.9%
Income Categories	Total Businesses by Tract		Businesses by Tract and Revenue Size:					
	#	%	Under \$1 Million		Over \$1 Million			
Low-Income	3,655	11.5%	2,984	10.9%	671	15.3%		
Moderate-Income	5,492	17.3%	4,684	17.1%	808	18.4%		
Middle-Income	10,765	33.9%	9,574	35.0%	1,191	27.2%		
Upper-Income	11,853	37.3%	10,141	37.0%	1,712	39.1%		
Tract Not Reported	0	0.0%	0	0.0%	0	0.0%		
Total Assessment Area **	31,765	100.0%	27,383	100.0%	4,382	100.0%		
Percentage of Total Businesses:					86.2%	13.8%		
L E N D I N G								
Income Categories	Small Business by Tract		Small Farm by Tract		HMDA			
	#	%	#	%	by Tract		by Borrower	
Low-Income	126	8.6%	1	5.9%	10	1.2%	78	9.9%
Moderate-Income	119	8.1%	1	5.9%	36	4.3%	143	18.1%
Middle-Income	722	49.0%	7	41.2%	589	71.0%	165	20.9%
Upper-Income	505	34.3%	8	47.1%	194	23.4%	403	51.1%
Total Assessment Area	1,472	100.0%	17	100.0%	829	100.0%	789	100.0%
Income Not Available:							40	4.8%
Loan Size:	Small Business		Small Farm					
	#	%	#	%				
\$100,000 or Less	1,201	81.6%	12	70.6%				
\$100,001 - \$250,000	171	11.6%	3	17.6%				
\$250,000 and Up	100	6.8%	2	11.8%				
Business Revenue:								
	#	%	#	%				
\$1 Million or Less	1103	77.3%	15	93.8%				
Over \$1 Million	324	22.7%	1	6.3%				
Total Revenue Available	1,427	100.0%	16	100.0%				
Revenue Not Available	45	3.2%	1	5.9%				

* Source: 1990 Census Data

** Source: 1999 Dun & Bradstreet Data

INSTITUTION (Continued)

LENDING TEST

Overview

The examination review period covered HMDA, small business, and small farm loans originated from January 1, 1999, through September 30, 2000. The review period also covered community development loans originated from January 1, 1999, through December 31, 2000. The Montgomery and Alexander City assessment areas were reviewed using full scope examination procedures. The Birmingham assessment area was reviewed using limited scope examination procedures. For purposes of CRA, HMDA loans are those loans as defined in the Federal Reserve Board's Regulation C. The loan categories are home purchase, home refinance, multifamily, and home improvement loans. Small business loans are loans with original amounts of \$1 million or less. Small farm loans are loans with an original amount of \$500,000 or less. The bank offers small farm loans; however, the volume of small farm loans originated during the review period was minimal and therefore, was not considered in the lending test evaluation. A community development loan is a loan to an entity for the purpose of providing affordable housing to or community services for low- and moderate-income persons, revitalization or stabilization of low- and moderate-income areas through the creation or retention of jobs for low- and moderate-income persons, or economic development through the financing of small businesses and farms that meet certain eligibility standards.

During the review period, small business loans by number and dollar volume exceeded the number and dollar volume of HMDA loans. Therefore, small business loans were given more weight in determining the lending test rating. The overall rating of the institution for the lending test is **HIGH SATISFACTORY**.

Lending Activity

Considering the bank's market share of deposits in its assessment areas, information gathered from community contacts, and demographic information, lending levels reflect **GOOD** responsiveness to assessment area credit needs. According to community contacts, affordable housing and small business financing were primary credit needs. Aliant Bank originated 1,472 small business loans totaling \$114.8 million in its assessment areas. In addition, Aliant Bank originated 829 HMDA loans representing \$63.6 million within the assessment areas. Of the 829 HMDA loans, 293 (35.3 percent) were home purchase loans; 190 (22.9 percent) were home refinance loans; 336 (40.5 percent) were home improvement loans; and 10 (1.2 percent) were multifamily housing loans.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

Lending Test (Continued)

Assessment Area Concentration

A **SUBSTANTIAL MAJORITY** of the bank's lending occurred inside its assessment areas. The following table shows, by loan type, the number and percentage of loans that were located inside and outside the bank's assessment areas.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	Number	Percent	\$ (000s)	Percent
Small Business	1,472	94.0%	\$114,832	94.4%
HMDA	829	91.4%	\$63,563	89.3%
Small Farm	17	85.0%	\$2,063	92.8%
<i>Total In</i>	<i>2,318</i>	<i>93.0%</i>	<i>\$180,458</i>	<i>92.6%</i>
	OUT			
	Number	Percent	\$ (000s)	Percent
Small Business	94	6.0%	\$6,763	5.6%
HMDA	78	8.6%	\$7,579	10.7%
Small Farm	3	15.0%	\$159	7.2%
<i>Total Out</i>	<i>175</i>	<i>7.0%</i>	<i>\$14,501</i>	<i>7.4%</i>
	TOTAL IN + OUT			
	Number		\$ (000s)	
Small Business	1,566		\$121,595	
HMDA	907		\$71,142	
Small Farm	20		\$2,222	
<i>Total</i>	<i>2,493</i>		<i>\$194,959</i>	

As indicated by the chart above, 93 percent of the bank's HMDA-reportable, small business, and small farm loans were inside the bank's assessment areas. Also, a substantial majority of the loan volume by dollar amount was inside the bank's assessment areas.

Geographic Distribution of Loans

Aliant Bank's performance with regard to the geographic distribution of loans is **GOOD**. The analysis of small business and HMDA lending within each assessment area is discussed in greater detail later in the report. This conclusion was based upon the bank's performance in each assessment area in comparison to demographic and aggregate lending data for small business and HMDA lending. Aliant Bank outperformed the aggregate in the percentage of small business loans originated in moderate-income

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

Lending Test (Continued)

geographies and in HMDA loans originated in low-income geographies in the Montgomery assessment area. An analysis of the geographic distribution of loans was not performed for the Alexander City assessment area because it has no low- or moderate-income BNAs.

Distribution by Borrower Profile

Small business lending to businesses of different revenue sizes and HMDA lending to borrowers of different income levels are **EXCELLENT**. This conclusion was based upon the bank's performance in each assessment area in comparison to demographic data and aggregate lending data for small business and HMDA lending. The bank outperformed the aggregate in the percentage of HMDA loans to low- and moderate-income borrowers in the Alexander City assessment area and significantly outperformed the aggregate in the percentage of small business loans to small businesses in the Montgomery and Alexander City assessment areas. The analysis of small business and HMDA lending within each assessment area is discussed in greater detail later in the report.

Responsiveness to the Community Credit Needs

Aliant Bank exhibits an **ADEQUATE** record of serving the credit needs of low-income individuals. Based upon the number of small business loans originated in amounts of \$100,000 or less, the bank has an **ADEQUATE** record of serving the needs of small businesses within its assessment areas.

Community Development Lending

Aliant Bank makes an **ADEQUATE** level of community development loans. Since the previous evaluation, the bank originated 4 community development loans in and around its assessment areas totaling \$735 thousand. Strong competition (Montgomery assessment area) and the lack of opportunity (Alexander City assessment area) contributed to the bank's difficulty in originating a significant level of community development loans that meet the CRA definition. A listing of the bank's community development loans is presented in the discussion of the Alexander City and Montgomery assessment areas.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

Lending Test (Continued)

Use of Innovative or Flexible Lending Practices

Aliant Bank makes **LITTLE USE** of flexible and innovative lending programs. Aliant Bank is a certified SBA lender. During the review period, the bank originated 17 SBA loans under the 7A, LowDoc, and 504 programs totaling \$3 million.

INVESTMENT TEST

The bank's performance under the investment test is **LOW SATISFACTORY**.

Investment and Grant Activity

New qualified investments made during the review period were limited to the purchase of an Alabama Incentives Financing Authority taxable special obligation bond from the CRA Fund Advisors in the amount of \$745,909 and grants and donations totaling \$44,825. The proceeds of this bond were used to construct an educational training facility to provide job training to low- and moderate-income persons. Competition and resource requirements have somewhat hampered the bank's ability to engage in qualified investments in the Montgomery and Birmingham Assessment Areas. Moreover, very few opportunities to purchase qualified investments were noted in the Alexander City Assessment Area.

Responsiveness to Credit and Community Development Needs

Based on an evaluation of the performance context, area demographics, and contacts made within the community, the bank's investments exhibit **ADEQUATE** responsiveness to credit and community development needs. Most of the investments are not routinely provided by the private sector.

Use of Innovative or Complex Investments

The bank **RARELY USES** complex or innovative investments to support community development initiatives.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

SERVICE TEST

The overall rating of the institution with regard to the service test is **LOW SATISFACTORY**.

Accessibility of Delivery Systems

Delivery systems, including ATMs, and branch locations are **REASONABLY ACCESSIBLE** all portions of the bank's assessment areas. 71 percent of the businesses in the combined assessment areas are located in middle and upper-income tracts. The concentration of banking offices in these tracts is consistent with the bank's commercial lending focus. The bank operates no branches in moderate-income census tracts. The majority of the moderate-income census tracts in the bank's whole assessment area are located in Birmingham assessment area, where the bank operates two offices. Aliant Bank constructed both offices. One branch is approximately two to four miles from the periphery of the low- and moderate-income tracts in downtown Birmingham. The other branch is in Shelby County, which has only one moderate-income census tracts and it is at least 15 miles from the branch. Downtown Birmingham is not affected by the lack of an Aliant Bank branch because the city has numerous financial institutions to serve the credit needs of the businesses and residents. Branches in the Montgomery assessment area are from a prior bank acquisition and are within two to four miles of most low- and moderate-income tracts. The following table shows the distribution of the bank's branches and ATMs by census tract income level compared to the distribution of families and businesses residing in the assessment areas.

ALIAN BANK – DISTRIBUTION OF BRANCHES AND ATMS IN THE WHOLE BANK ASSESSMENT AREA						
TRACT INCOME LEVEL	NUMBER	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	1	8%	0	0%	8%	12%
Moderate-Income	0	0%	0	0%	17%	17%
Middle-Income	5	38%	4	44%	44%	34%
Upper-Income	7	54%	5	56%	31%	37%
<i>Total</i>	<i>13</i>	<i>100.0%</i>	<i>9</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

SERVICE TEST (Continued)

Other alternative systems for delivering retail-banking services to the bank's assessment areas include:

- ATMs
- Aliant Call Center – Through the use of a toll free number and during business hours, customers can get answers to questions about bank products, rates or any other customer service issues.
- Aliant Telephone Bill Pay – Telephone bill payment service through a toll free number.
- Xpress Phone Banking – Automated phone banking line gives a customer information about their bank accounts and allows the customer, with prior written authorization, to transfer money between selected accounts 24 hours a day, 7 days a week.

Changes In Branch Locations

Since the previous examination, the bank has not opened or closed any branch offices in the Whole Bank Assessment Area.

Reasonableness of Business Hours and Services in Meeting Assessment Area Needs

Availability of banking services and hours of operations **DO NOT VARY** in a way that inconveniences portions of the assessment area. The level of branch services and hours offered by Aliant Bank is basically the same throughout the assessment area.

Community Development Services

The bank provides an **ADEQUATE** level of community development services throughout its assessment areas. Board members, officers, and employees have used their financial expertise to provide financial services that benefit residents in the assessment areas. The community development services are responsive to the needs of low- and moderate-income families or areas, and small businesses in the assessment areas. Please refer to the specific assessment areas for descriptions of the community development services provided by the bank.

INSTITUTION (Continued)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TEST (Continued)

Compliance with Antidiscrimination Laws

Aliant Bank solicits applications from all segments of its communities, including low- and moderate-income areas. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit

applications is based solely on financial and economic considerations. The bank has adopted an antidiscrimination policy. No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. Lending staff has received fair lending training since the previous examination.

METROPOLITAN AREA: MONTGOMERY, ALABAMA

DESCRIPTION OF INSTITUTION OPERATIONS IN MONTGOMERY, ALABAMA

Overview

Aliant Bank operates seven branch offices throughout the Montgomery assessment area, which includes Elmore and Montgomery Counties, Alabama. The branch offices are distributed as follows: one in Wetumpka, one in Millbrook, and the remaining five in Montgomery. In the Montgomery assessment area the bank is primarily a commercial lender.

Demographic Data by Census Tract

The Montgomery assessment area consists of 66 census tracts: 7 low-income tracts (10.6 percent), 10 moderate-income census tracts (15.2 percent), 32 middle-income census tracts (48.5 percent) and 17 upper-income census tracts (25.8 percent). Aliant Bank has not arbitrarily excluded any low- and moderate-income census tracts and the assessment area complies with the requirements of the CRA.

The table on page 17 provides demographic and lending data that were used in analyzing the bank's CRA performance. Except where noted, the demographic data are from the 1990 Census. Certain components of the data in the table are discussed in this evaluation as they apply to particular parts of the analysis.

Population Characteristics

At the time of the 1990 Census, the population of the Montgomery assessment area was 258,295 persons. This figure represented 6.4 percent of the population for the state of Alabama. According to the estimated Census data, as of July 1, 1999, the assessment area's population has increased by 8.1 percent to 279,301 persons, representing 6.9 percent of the population for the state of Alabama.

Income Characteristics

At the time of the 1990 Census, there were 67,037 families in the assessment area. 22.5 percent were low-income, 16.5 percent were moderate-income, 20.9 were middle-income, and 40.1 were upper-income. Of the 67,037 families in the assessment area, 9,063 families (13.5 percent) have incomes below the poverty level. A high level of poverty is noted in low-income census tracts, where 48.9 percent of the families (2,713) have incomes below the poverty level. Also, 23.6 percent of the families (2,242) in moderate-income census tracts have incomes below the poverty level. Typically, families with

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

DESCRIPTION OF INSTITUTION OPERATIONS IN MONTGOMERY, ALABAMA (Continued)

incomes below the poverty level have difficulty qualifying for HMDA loans without flexible or innovative loan underwriting standards. The 1990 median family income for the Montgomery Assessment Area was \$32,015, which is lower than the \$32,049 median family income for the Montgomery MSA and higher than the state median family income of \$28,688. According to HUD, the estimated 1999 and 2000 median family incomes for the MSA were \$47,000 and \$49,700, respectively.

Housing Characteristics

According to the 1990 Census there are 104,022 housing units in the Montgomery assessment area, of which 59 percent are owner-occupied units. Owner occupied housing units are less affordable in this assessment area than in the state overall. 1990 Census data show that the median housing value for owner-occupied units in the assessment area was \$60,829, which is 14.3 percent higher than the median housing value for the state of Alabama, at \$53,205.

Approximately 81.7 percent of owner-occupied housing units are located in the middle- and upper-income census tracts, where 77.5 percent of families reside. Conversely, only 18.2 percent of owner-occupied housing units are located in low- and moderate-income tracts, where 22.5 percent of families reside. In addition, there is a very high poverty level in low- and moderate-income census tracts, which could affect the bank's ability to originate HMDA loans in these tracts. As a result, it can be expected that the greater percentage of HMDA loans would be originated in middle- and upper-income census tracts. However, based on the number of owner-occupied units in low- and moderate-income census tracts, opportunities exist to originate mortgage loans.

Employment Statistics

The Montgomery assessment area's economy is primarily dependent on the service and government sectors. There are no large nationally headquartered industrial facilities in Montgomery. The economy is a mixture of a United States Air Force Base, a National Guard facility, state government, city government, several small universities, and small service related businesses. The 1999 annual unemployment rate for the Montgomery MSA was 3.7 percent. Unemployment rates for 2000 ranged between a high of 4.3 percent in August 2000 to a low of 2.9 percent in December 2000. The annual 1999 and 2000 preliminary unemployment rates for the state of Alabama were 4.8 percent and 4.6 percent, respectively.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

DESCRIPTION OF INSTITUTION OPERATIONS IN MONTGOMERY, ALABAMA (Continued)

Business Size Characteristics

The table on page 16 provides key demographic business data by revenue size and census tracts in the assessment area. The table illustrates that in 1999, according to Dun & Bradstreet, 68.3 percent of the businesses in the assessment area had total annual revenues of less than \$1 million and, therefore, are considered small businesses.

Competition

The Montgomery assessment area is a highly competitive banking market due to the significant presence of banks in this market, local area population, and the economic growth currently being experienced in the Montgomery MSA. There are 15 other financial institution operating 83 offices in the Montgomery assessment area. Many of these banks are statewide, multi-regional, or national banks. According to deposit market share reports from the Federal Deposit Insurance Corporation (FDIC) as of June 30, 2000, Aliant Bank has a 6.75 percent market share of \$3.7 billion in deposits in the Montgomery assessment area. Individual deposit market share by financial institutions ranged from .07 percent to 34.2 percent. Aliant Bank ranked 6th in deposit market share. The top five financial institutions had deposit market shares of 34.2, 13.3, 12.3, 11.1, and 8.3 percents. Local competition does not seem to adversely affect the bank's ability to serve the credit needs of its assessment area.

Community Contact

As a part of the CRA examination, information was obtained from a community contact regarding local economic conditions and community credit needs. The contact indicated most of the banks are very active in the community by offering financial and technical assistance to low- or moderate-income individuals.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The following table shows selected demographic information and Aliant Bank's lending performance in the Montgomery assessment area.

MONTGOMERY ASSESSMENT AREA										
DEMOGRAPHICS										
2000 HUD Median Family Income (MSA): \$49,700	Tract Distribution		<i>Families by Tract Income</i>		Families <i>Families < Poverty Level as a % of Families by Tract</i>		<i>Families by Family Income</i>			
	#	%	#	%	#	%	#	%		
Income Categories										
Low-Income	7	10.6%	5,549	8.3%	2,713	48.9%	15,065	22.5%		
Moderate-Income	10	15.2%	9,503	14.2%	2,242	23.6%	11,038	16.5%		
Middle-Income	32	48.5%	33,322	49.7%	3,541	10.6%	14,041	20.9%		
Upper-Income	17	25.8%	18,663	27.8%	567	3.0%	26,893	40.1%		
<i>Total Assessment Area*</i>	66	100.0%	67,037	100.0%	9,063	13.5%	67,037	100.0%		
	Housing Units by Tract	Housing Types by Tract								
		<i>Owner-Occupied</i>				<i>Rental</i>		<i>Vacant</i>		
	#	%	%	%	#	%	#	%		
Low-Income	10,734	2,841	4.6%	26.5%	6,135	57.2%	1,758	16.4%		
Moderate-Income	14,567	8,374	13.6%	57.5%	4,878	33.5%	1,315	9.0%		
Middle-Income	50,895	31,322	51.0%	61.5%	14,110	27.7%	5,463	10.7%		
Upper-Income	27,826	18,823	30.7%	67.6%	7,222	26.0%	1,781	6.4%		
<i>Total Assessment Area*</i>	104,022	61,360	100.0%	59.0%	32,345	31.1%	10,317	9.9%		
	Total Businesses by Tract				Businesses by Tract and Revenue Size:					
	#		%		<i>Under \$1 Million</i>		<i>Over \$1 Million</i>			
	#	%	#	%	#	%	#	%		
Low-Income	1,262	17.3%	1,040	16.5%	222	22.4%				
Moderate-Income	858	11.8%	747	11.9%	111	11.2%				
Middle-Income	2,795	38.4%	2,474	39.3%	321	32.3%				
Upper-Income	2,370	32.5%	2,031	32.3%	339	34.1%				
Tract Not Reported	0	0.0%	0	0.0%	0	0.0%	0	0.0%		
<i>Total Assessment Area**</i>	7,285	100.0%	6,292	100.0%	993	100.0%				
						Percentage of Total Businesses:		86.4%	13.6%	
LENDING										
	Small Business by Tract		Small Farm by Tract		HMDA					
	#	%	#	%	<i>by Tract</i>		<i>by Borrower</i>			
	#	%	#	%	#	%	#	%		
Low-Income	87	10.2%	1	7.1%	8	2.7%	35	12.5%		
Moderate-Income	103	12.1%	1	7.1%	28	9.5%	55	19.6%		
Middle-Income	309	36.2%	4	28.6%	162	54.7%	59	21.1%		
Upper-Income	355	41.6%	8	57.1%	98	33.1%	131	46.8%		
<i>Total Assessment Area</i>	854	100.0%	14	100.0%	296	100.0%	280	100.0%		
							Income Not Available:		16	5.4%
Loan Size:	Small Business				Small Farm					
	#	%	#	%	#	%	#	%		
\$100,000 or Less	715	83.7%	10	71.4%						
\$100,001 - \$250,000	91	10.7%	2	14.3%						
\$250,000 and Up	48	5.6%	2	14.3%						
Business Revenue:										
	#	%	#	%	#	%	#	%		
\$1 Million or Less	677	81.5%	12	92.3%						
Over \$1 Million	154	18.5%	1	7.7%						
<i>Total Revenue Available</i>	831	100.0%	13	100.0%						
<i>Revenue Not Available</i>	23	2.8%	1	7.1%						

* Source: 1990 Census Data

** Source: 1999 Dun & Bradstreet Data

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST

Overview

In the Montgomery assessment area, Aliant Bank's number and dollar volume of small business lending exceeded both the number and the dollar volume of HMDA lending for the review period. Therefore, small business loans were given more weight than HMDA loans in determining the bank's lending test rating for the Montgomery assessment area. Aliant Bank generally offers small farm loans; however, the volume of small farm loans was minimal and therefore, was not considered in the lending test evaluation.

Aliant Bank's performance in the Montgomery Assessment Area is **HIGH SATISFACTORY**.

Lending Activity

Considering the bank's market share of deposits, product offerings, and branch networking system as a percent of total branches in the assessment area, lending levels reflect **GOOD** responsiveness to assessment area credit needs. Lending in the Montgomery assessment area represented the largest portion of the bank's overall lending activity. Of the 1,472 small business loans made by the institution, 854 loans (58.0 percent) totaling \$57.4 million were originations in the Montgomery assessment area.

Of the 829 HMDA originations by the institution, 296 (35.7 percent) were originations in the Montgomery assessment area. Of the 296 HMDA loans, 107 (36.1 percent) were home purchase loans, 70 (23.6 percent) were home refinance loans, and 118 (39.9 percent) were home improvement loans. There was one multifamily home loan made in the assessment area.

Geographic Distribution of Loans

For this analysis the geographic distribution of small business and HMDA lending was compared with the demographic information available. Performance context issues were also considered, as well as the performance of other banks. Aliant Bank's performance in extending loans in all geographies, including low- and moderate-income census tracts, is **GOOD**.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST (Continued)

In the Montgomery assessment area the percentage of small business loans in low-income census tracts (10.2 percent) was below the percentage of businesses (17.3 percent) in these tracts. However, the percentage of small business loans originated in moderate-income census tracts (12.1 percent) was above the percentage of businesses (11.8 percent) in these tracts. Overall, the bank originated 22.3 percent of its small business loans in low- and moderate-income census tracts compared to 29.1 percent of the businesses located in these geographies. The aggregate lending comparison table for the Montgomery assessment area on page 40 of Appendix B shows that in 1999, the bank outperformed the aggregate in small business lending. Aliant Bank originated 24 percent of its small business loans in low- and moderate-income census tracts, whereas the aggregate originated 21.5 percent of its small business loans in these geographies. CRA aggregate data for 2000 was not available.

The percentage of Aliant Bank's HMDA lending in the Montgomery assessment area in the low- and moderate-income tracts (12.2 percent) is below the percentage of owner-occupied units (18.2 percent) in these tracts. However, the minimal number of owner-occupied units in low-income tracts and the high poverty levels in low- and moderate-income tracts could have affected the bank's performance in these tracts. A large percentage of the bank's HMDA lending in the Montgomery assessment area occurred in middle- and upper-income census tracts. This level of lending was expected because the substantial majority of the owner-occupied units are located in these census tracts. The aggregate lending comparison table for the Montgomery assessment area on page 40 of Appendix B shows that in 1999, Aliant Bank originated 12.1 percent of its HMDA loans in low- and moderate-income census tracts, whereas the aggregate originated 11.9 percent of its HMDA loans in these tracts. HMDA aggregate data for 2000 was not available.

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

For this analysis, the distribution of small business lending by business revenue sizes and HMDA lending by borrower income levels was compared with available demographic information. Performance context issues were also considered, as well as the performance of other banks. The distribution of loans by borrower's income and revenue sizes of businesses is **GOOD**.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST (Continued)

Of the 854 small business loans originated in the Montgomery assessment area during the review period, 831 had revenue information. Of the 831 loans, 677 (81.5 percent) were extended to businesses with revenues of \$1 million or less. In comparison, 86.4 percent of the businesses in the assessment area have annual revenues of \$1 million or less. Of the 854 small business loans, 715 (83.7 percent) were in amounts of \$100,000 or less. The aggregate lending comparison table for the Montgomery Assessment Area on page 40 of Appendix B shows that in 1999, the bank significantly outperformed the aggregate. Aliant Bank originated 82.9 percent of its small business loans to businesses with annual revenues of \$1 million or less whereas the aggregate originated only 68.3 percent of its small business loans to these entities. CRA aggregate data for 2000 was not available.

Low-income families represent 22.5 percent of families in the Montgomery assessment area and 12.5 percent of the bank's HMDA loans were originated to low-income borrowers. A possible reason for the lending disparity is the percentage of families in the Montgomery assessment area that have incomes below the poverty level. 13.5 percent of the families in the Montgomery assessment area have incomes below the poverty level. HMDA lending to moderate-income borrowers was good. Moderate-income borrowers received 19.6 percent of the HMDA loans and moderate-income families comprised 16.5 percent of total families in the Montgomery assessment area. HMDA lending to middle- and upper-income borrowers was above their percentage composition of the population. The aggregate lending comparison table for the Montgomery assessment area on page 40 of Appendix B shows that Aliant Bank performed below the aggregate in HMDA lending to low- and-moderate income borrowers in 1999. HMDA aggregate data for 2000 was not available.

Responsiveness to the Community Credit Needs

Aliant Bank exhibits an **ADEQUATE** record of serving the credit needs of low-income individuals and a **GOOD** record of serving the needs of small businesses within the Montgomery Assessment Area.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST (Continued)

Community Development Lending

Aliant Bank makes an **ADEQUATE** level of community development loans in the Montgomery Assessment Area. During the review period, the bank originated three community development loans totaling \$675,000. A description of these loans is provided in the following table.

COMMUNITY DEVELOPMENT LENDING FOR MONTGOMERY ASSESSMENT AREA		
BORROWER	AMOUNT	PURPOSE
Gospel Tabernacle Church of God	\$100,000 January 29, 1999	The loan was granted to the church to purchase a 6-unit apartment building located in a low-income census tract for low- to moderate-income individuals. The rent varies from \$275 - \$300/month and all income levels are below \$20M/year.
Maury L. Jones, II	\$75,000 September 28, 2000	The loan was for improvements to an apartment building located in a low-income area serving low- and moderate-income families.
Joel H. Cohen	\$500,000 May 8, 2000	The loan was used to refinance existing debt and purchase a minority partners interest in a 106-unit apartment complex. The complex is located in a moderate-income area of Montgomery. The complex consists of 28 one-bedroom units and 78 two-bedroom units with rents ranging from \$230 - \$305/month.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

INVESTMENT TEST

The bank's performance in the Montgomery assessment area is "**LOW SATISFACTORY**". The bank has not participated in any investments that meet the definition of community development under the CRA. The bank has contributed \$29,000 in grants or contributions to organizations whose primary purpose is community development. Many factors have contributed to the bank's lack of major investments. First of all, there have been very few opportunities to participate in qualified investments in this assessment area. Few municipal or revenue bonds have been issued that meet the definition of community development under the CRA. Secondly, there have been few, if any, LIHTC projects in this assessment area during the review period. Finally, there are no Small Business Investment Companies (SBIC), Community Development Financial Institutions (CDFI), or Small Business Development Companies (SBDC) in the Montgomery assessment area. In addition, the Montgomery CDC, which received a contribution from Aliant Bank, has not made any loans during the review period. As a result, Aliant Bank management made the decision to finance community development through lending rather than investments

SERVICE TEST

Aliant Bank's performance in the Montgomery Assessment Area is **LOW SATISFACTORY**.

Accessibility of Delivery Systems

The bank's branch offices are **REASONABLY ACCESSIBLE** to essentially all portions of the assessment area. Aliant Bank operates 7 branch offices and 4 ATMs in the assessment area. The distribution of the bank's offices and ATMs were compared to the distribution of families and businesses by census tract income level and is displayed in the table on the following page. Aliant Bank purchased all of its branches in the Montgomery assessment area. Although the bank has no branches in moderate-income census tracts, many of the branches are located within a two to four mile range of these tracts. The lack of branches has not affected the bank's ability to originate loans in these markets as evidenced by the rating of "good" for geographic distribution of loans under the lending test. In addition to ATMs, Aliant offers Telephone Bill Pay, Call Center, and XPress Phone Banking as alternative systems for delivering retail banking services to low- and moderate-income individuals and areas.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST (Continued)

ALIAN T BANK – DISTRIBUTION OF BRANCHES AND ATMS IN THE MONTGOMERY ASSESSMENT AREA						
TRACT INCOME LEVEL	NUMBER	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	1	14%	0	0%	8%	17%
Moderate-Income	0	0%	0	0%	14%	12%
Middle-Income	1	14%	1	25%	50%	38%
Upper-Income	5	72%	3	75%	28%	33%
<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>4</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

Institution’s Record of Opening and Closing Branches

Since the previous examination, the bank has not opened or closed any branch offices in the Montgomery Assessment Area.

Reasonableness of Business Hours and Services in Meeting the Assessment Area Needs

Availability of banking services and hours of operations **DO NOT VARY** in a manner that inconveniences portions of the assessment area. The level of branch services and hours offered by Aliant Bank is basically the same throughout the assessment area.

Community Development Services

The bank provides an **ADEQUATE** level of community development services. Bank personnel have provided financial and managerial expertise to various community development services to benefit the assessment area. The purpose of most community development services was to promote decent and affordable housing for low- and moderate-income families and small business economic development. The table on the following page illustrates some of the bank’s most significant activities during the review period.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST (Continued)

COMMUNITY DEVELOPMENT SERVICES FOR MONTGOMERY ASSESSMENT AREA	
ORGANIZATION	POSITION/SERVICE
Christmas in April: The Banks of Montgomery	Bank officer serves as Board Member and Treasurer. The organization is a community partnership / volunteer program that provides free home repairs to low-income homeowners in need. The recipients are typically elderly and/or disabled. In addition to the annual Work Day in April, it provides emergency repair service throughout the year. The organization has gone from 95 applications in 1998 to 121 in 2000.
Chemical Addiction Program	Bank officer serves as Board Member and sits on the Finance Committee. The organization provides substance abuse and chemical dependency treatment for those who lack insurance coverage or other financial resources necessary to obtain treatment through the private sector.
Habitat for Humanity	Bank officer serves as President. The officer serves on the Budget, the Family Selection, and the Executive Committees. This organization provides housing for families in need usually in low- and moderate-income areas. Organization seeks to eliminate poverty and substandard housing and make decent shelter a matter of conscience and action. Using donations of money, materials, property and volunteer labor, the organization builds and sells houses to families at no interest and for no profit.

METROPOLITAN AREA: MONTGOMERY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST (Continued)

Montgomery Area Chamber of Commerce	Bank Board member is an active member and is President of the Chamber Board. The Chamber of Commerce sponsors small business incubator programs, such as Montgomery Area Center for Entrepreneurial Development (MACED) and Council of Small Business Enterprises Program (COSBE)
Family Coaches Program	Bank officer participates in this program. This program teams up individuals from civic, church, and other organizations with individuals and families that are trying to get off of welfare and become permanently employed and self-sufficient. With the help of coaches, the families are able to set financial goals, develop budgets, and overcome obstacles, and deal with daily struggles.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA
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DESCRIPTION OF INSTITUTION'S OPERATIONS IN ALEXANDER CITY, ALABAMA

Overview

The Alexander City assessment area includes all of Coosa and Tallapoosa Counties. Aliant Bank operates four branch offices including the main office in Tallapoosa County. The branch offices are located as follows: three in Alexander City, Alabama and one in Dadeville, Alabama. The Alexander City assessment area provides operations and general support for the other two assessment areas. The banking operations in the Alexander City assessment area are primarily consumer oriented and a large volume of mortgage loans is originated in the assessment area.

Demographic Data by Census Tract

The bank's assessment area consists of 12 BNAs: 11 middle-income tracts (91.7 percent) and 1 upper-income tract (8.3 percent). The assessment area contains no low- or moderate-income BNAs. The assessment area meets the requirements of the CRA.

The table on page 30 provides demographic and lending data that were used in analyzing the bank's CRA performance. Except where noted, the demographic data are from the 1990 Census. Certain components of the data in the table are discussed in this evaluation as they apply to particular parts of the analysis.

Population Characteristics

At the time of the 1990 Census, the population of the Alexander City assessment area was 49,889 persons. This figure represented 1.2 percent of the population for the state of Alabama. According to the estimated Census data, as of July 1, 1999, the assessment area's population has increased by 4.3 percent to 52,041 persons representing 1.3 percent of the population for the state of Alabama.

NONMETROPOLITAN STATEWIDE AREAS: ALEXANDER CITY, ALABAMA (CONTINUED)

DESCRIPTION OF INSTITUTION OPERATIONS IN ALEXANDER CITY, ALABAMA (Continued)

Income Characteristics

According to the 1990 Census, 14,153 families reside in the Alexander City assessment area. Of these families, 18.8 percent were low-income, 16.1 percent were moderate-income, 20.7 were middle-income, and 44.3 were upper-income. Of the 14,153 families in the assessment area, 1,919 (13.6 percent) have incomes below the poverty level. The 1990 median family income for the assessment area was \$26,512, which is lower than the state median family income of \$28,688.

Housing Characteristics

According to the 1990 Census, there are 22,425 housing units in the Alexander City assessment area, of which 64.1 percent are owner-occupied units. Owner-occupied housing units are more affordable in this assessment area than in the state overall. 1990 Census data show that the median housing value for owner-occupied units in the assessment area was \$41,686, which is 27.6 percent lower than the state of Alabama at \$53,205.

Employment Statistics

The economy of Alexander City and the surrounding area has been in a cautious yet stable state since Russell Corporation announced plans to restructure the company in 1998. The move of the Russell corporate headquarters to Atlanta has led Census personnel to predict a slight decrease in the local population. Additionally, this move has caused the community to lose many high paying jobs and community leaders. Russell moved the largest portion of senior management to Atlanta and currently operates with dual headquarters. Although positions have been eliminated, most have been in the middle-management area, and the affect on the local economy has been minimal. The December 2000 preliminary census data indicates an unemployment rate of 4.6 percent, which is consistent for the area. The unemployment rate in the Alexander City area has consistently been at or slightly above the state average of 4.6 percent. Russell Corporation continues to maintain a local employee base in excess of 5,000 persons. While the local economy has remained stable, there is a definite need for diversification in the local industry.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

DESCRIPTION OF INSTITUTION OPERATIONS IN ALEXANDER CITY, ALABAMA (Continued)

The Lake Martin Industrial Development Authority is completing the purchase of 325 acres of land in Kellyton, Coosa County, during the first quarter of 2001. The property is located approximately 2 miles northwest of Alexander City, and will be developed into a bi-county industrial park. Coosa County is considered one of the poorest counties in the state of Alabama. The development authority is hopeful that the industrial park will attract new businesses that will create employment opportunities for low- and moderate-income individuals. There has been some recent success in the creation of jobs at Precision Millworks in Alexander City, and at Golden Plastics and Nexcel Synthetics in Dadeville, Alabama. All three companies seem to have made a good transition into operation and currently employ approximately 135 people. In addition Calpine Eastern, a power generating company, is scheduled to begin construction on a new facility in the area by mid-February. The construction phase of the project is expected to last approximately 2.5 years and should provide jobs for up to 400 people. The local real estate market has been slow. Higher valued homes are remaining on the market for a considerable length of time. On the other had, tax revenues for the city of Alexander City increased during the past year. Employment opportunities are numerous within a short driving distance if the local economic development effort does not produce fast enough. Opelika, Auburn, and Sylacauga have new industries relocating operations to or building new facilities in their cities.

Business Size Characteristics

The table on page 29 provides key demographic business data by revenue size and census tracts in the assessment area. The table illustrates that, according to Dun & Bradstreet, in 1999, 65.3 percent of the businesses in the assessment area had total annual revenues of less than \$1 million and, therefore, are considered small businesses.

COMPETITION

The level of competition is considered average in the assessment area. For years Aliant has been the dominant bank in the Alexander City market. According to market share reports from the Federal Deposit Insurance Corporation (FDIC) for June 30, 2000, there are 7 other financial institution operating 12 offices in the Alexander City assessment area. Several of the banks with branch offices in the assessment area are statewide or regional banks. According to the market share, Aliant Bank had a 47.4 percent market share of the deposits in the Alexander City assessment area, which was the largest market share of all FDIC-Insured banks or thrifts operating branches in the assessment area.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)
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DESCRIPTION OF INSTITUTION OPERATIONS IN ALEXANDER CITY, ALABAMA (Continued)

COMMUNITY CONTACT

As a part of the CRA examination, information was obtained from a community contact regarding local economic conditions and community credit needs. The overall opinion of the contact was that all the local financial institutions are doing a good job in meeting the needs of the community. All the institutions are receptive to community needs. They have been helpful in providing financing, conducting credit seminars, sponsoring home ownership workshops, and allowing organizations to host community activities in their facilities. As far as community development opportunities through lending and investments, they have been very limited in Tallapoosa and Coosa Counties.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

The following table shows selected demographic information and Aliant Bank's lending performance in the Alexander City Assessment Area.

ALEXANDER CITY ASSESSMENT AREA									
DEMOGRAPHICS									
2000 HUD Median Family Income (MSA): NA Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as a % of Families by Tract		Families by Family Income		
	#	%	#	%	#	%	#	%	
	Low-Income	0	0.0%	0	0.0%	0	0.0%	2,665	18.8%
	Moderate-Income	0	0.0%	0	0.0%	0	0.0%	2,279	16.1%
	Middle-Income	11	91.7%	12,471	88.1%	1,791	14.4%	2,935	20.7%
	Upper-Income	1	8.3%	1,682	11.9%	128	7.6%	6,274	44.3%
	Total Assessment Area*	12	100.0%	14,153	100.0%	1,919	13.6%	14,153	100.0%
	Housing Units by Tract		Housing Types by Tract						
			Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%	
Low-Income	0	0.0%	0.0%	0	0.0%	0	0.0%		
Moderate-Income	0	0.0%	0.0%	0	0.0%	0	0.0%		
Middle-Income	18,872	12,567	87.5%	66.6%	4,041	21.4%	2,264	12.0%	
Upper-Income	3,553	1,799	12.5%	50.6%	310	8.7%	1,444	40.6%	
Total Assessment Area*	22,425	14,366	100.0%	64.1%	4,351	19.4%	3,708	16.5%	
Total Businesses by Tract				Businesses by Tract and Revenue Size:					
	#	%		Under \$1 Million		Over \$1 Million			
				#	%	#	%		
Low-Income	0	0.0%		0	0.0%	0	0.0%		
Moderate-Income	0	0.0%		0	0.0%	0	0.0%		
Middle-Income	1,050	95.2%		950	95.0%	100	97.1%		
Upper-Income	53	4.8%		50	5.0%	3	2.9%		
Tract Not Reported	0	0.0%		0	0.0%	0	0.0%		
Total Assessment Area**	1,103	100.0%		1,000	100.0%	103	100.0%		
Percentage of Total Businesses:					90.7%		9.3%		
LENDING									
Loan Size: \$100,000 or Less \$100,001 - \$250,000 \$250,000 and Up Business Revenue: \$1 Million or Less Over \$1 Million Total Revenue Available Revenue Not Available	Small Business by Tract		Small Farm by Tract		HMDA				
		#	%	#	%	by Tract		by Borrower	
						#	%	#	%
	Low-Income	0	0.0%	0	0.0%	0	0.0%	42	8.8%
	Moderate-Income	0	0.0%	0	0.0%	0	0.0%	85	17.7%
	Middle-Income	371	94.4%	3	100.0%	413	84.3%	103	21.5%
	Upper-Income	22	5.6%	0	0.0%	77	15.7%	249	52.0%
	Total Assessment Area	393	100.0%	3	100.0%	490	100.0%	479	100.0%
	Income Not Available:							11	2.2%
	Small Business				Small Farm				
	#	%	#	%					
\$100,000 or Less	338	86.0%	2	66.7%					
\$100,001 - \$250,000	35	8.9%	1	33.3%					
\$250,000 and Up	20	5.1%	0	0.0%					
\$1 Million or Less	311	80.8%	3	100.0%					
Over \$1 Million	74	19.2%	0	0.0%					
Total Revenue Available	385	100.0%	3	100.0%					
Revenue Not Available	8	2.1%	0	0.0%					

* Source: 1990 Census Data

** Source: 1999 Dun & Bradstreet Data

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST

Overview

In the Alexander City assessment area, Aliant Bank's number and dollar volume of HMDA lending was above both the number and the dollar volume of small business lending for the review period. Therefore, HMDA loans were given more weight than small business loans in determining the bank's lending test rating for the Alexander City assessment area. Aliant Bank generally offers small farm loans; however, the volume of small farm loans was minimal.

Aliant Bank's performance in the Alexander City assessment area is **HIGH SATISFACTORY**.

Lending Activity

Lending levels reflect **GOOD** responsiveness to assessment area credit needs. Lending in the Alexander City assessment area represented the second largest portion of the bank's overall lending activity. Of the 829 HMDA originations by the institution, 490 (59.1 percent) were originations made in the Alexander City assessment area. Of the 490 HMDA loans, 169 (34.5 percent) were home purchase loans, 114 (23.3 percent) were home refinance loans, and 207 (42.2 percent) were home improvement loans.

Of the 1,472 small business loans made by the institution, 393 loans (26.7 percent) totaling \$27.3 million were originated in the Alexander City assessment area.

Geographic Distribution of Loans

Small business and HMDA lending by tract income level were not evaluated because there are no low- and moderate-income BNAs in the assessment area.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST (Continued)

Lending to Borrowers of Different Income Levels and Businesses of Different Sizes

For this analysis, the distribution of HMDA lending across borrower income levels and small business lending across business revenue sizes was compared with available demographic information. Performance context issues were also considered, as well as the performance of other banks. The distribution of loans by borrower's income and revenue sizes of businesses is **EXCELLENT**.

Low-income families represent 18.8 percent of families in the Alexander City assessment area and low-income borrowers received 8.8 percent of the bank's HMDA loans. A possible reason for this lending disparity is that 13.6 percent of families in the Alexander City assessment area have incomes below the poverty level. Typically, most poverty level families have incomes that would qualify them as low-income. Moderate-income borrowers received 17.7 percent of the HMDA loans and moderate-income families comprise 16.1 percent of total families in the Alexander City assessment area. HMDA lending to middle- and upper-income borrowers was comparable to their percentage composition of the population. The aggregate lending comparison table for the Alexander City Assessment Area on page 41 of Appendix B shows that Aliant Bank performed well above the aggregate in HMDA lending to low-income borrowers and above the aggregate in lending to moderate income borrowers in 1999. HMDA aggregate data for 2000 were not available.

Of the 393 small business loans originated in the Alexander City assessment area during the review period, 385 had revenue information. Of the 385 loans, 311 (80.8 percent) were extended to businesses with revenues of \$1 million or less. In comparison, 90.7 percent of the businesses in the assessment area have annual revenues of \$1 million or less. Of the 393 small business loans, 338 (86.0 percent) were in amounts of \$100,000 or less. The aggregate lending comparison table for the Alexander City assessment area on page 41 of Appendix B shows that in 1999, the bank significantly outperformed the aggregate in business lending to small businesses. Aliant Bank originated 85.6 percent of its small business loans to businesses with annual revenues of \$1 million or less, whereas the aggregate originated 65.3 percent of its small business loans to these entities. CRA aggregate data for 2000 were not available.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

LENDING TEST (Continued)

Responsiveness to the Community Credit Needs

Aliant Bank exhibits an **ADEQUATE** record of serving the credit needs of low-income individuals and a **GOOD** record of serving the needs of small businesses within the Alexander City assessment area.

Community Development Lending

Aliant Bank made a **LOW** level of community development loans in the Alexander City assessment area. During the review period, the bank originated one community development loan totaling \$60,000. However, Aliant Bank originated 3 other loans totaling \$7.1 million that will provide a special health care facility and highway improvements to the residents of its assessment area. However, because the loans were not originated in low- or moderate-income tracts (there are none in this assessment area) or the majority of the beneficiaries of these loans will not be low- or moderate-income persons or families, these loans do not meet the definition of "community development" under the CRA.

INVESTMENT TEST

The bank's performance in the Alexander City assessment area is "**LOW SATISFACTORY**". The bank has not purchased any qualified investments in the Alexander City assessment area. The bank has contributed \$15,000 in grants and donations to organizations whose primary purpose is community development. Many factors have contributed to the bank's lack of significant qualified investments. First of all, there have been very few opportunities to participate in qualified investments in this assessment area. Few municipal or revenue bonds have been issued that meet the definition of community development under the CRA. There have been few, if any, LIHTC projects in this assessment area during the review period. In addition, there are no Small Business Investment Companies (SBIC) or Small Business Development Companies (SBDC) in the bank's assessment area to promote economic development.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST

Aliant Bank's performance in the Alexander City assessment area is **HIGH SATISFACTORY**.

Accessibility of Delivery Systems

The bank's branch offices are **ACCESSIBLE** to essentially all portions of the assessment area. Aliant Bank operates 4 branch offices including the main office and 3 ATMs in the assessment area. All 4 of the branch offices are located in middle-income census tracts. The ATMs are attached to three of the branch offices in the Alexander City assessment area. The bank's branch offices and ATMs were compared to the distribution of families and businesses by census tract income level and is displayed in the table below. In addition to ATM's, Aliant Bank offers Aliant Telephone Bill Pay, Aliant Call Center, and XPress Phone Banking.

ALIAN T BANK – DISTRIBUTION OF BRANCHES AND ATMS IN THE ALEXANDER CITY ASSESSMENT AREA						
TRACT INCOME LEVEL	NUMBER	PERCENTAGE OF BRANCHES	NUMBER OF ATMS	PERCENTAGE OF ATMS	PERCENTAGE OF TOTAL FAMILIES	PERCENTAGE OF BUSINESSES
Low-Income	0	0%	0	0%	0%	0%
Moderate-Income	0	0%	0	0%	0%	0%
Middle-Income	4	100%	3	100%	88%	95%
Upper-Income	0	0%	0	0%	12%	5%
<i>Total</i>	<i>4</i>	<i>100.0%</i>	<i>3</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

Institution's Record of Opening and Closing Branches

Since the previous examination, the bank has not opened or closed any branch offices in the Alexander City Assessment Area.

NONMETROPOLITAN STATEWIDE AREA: ALEXANDER CITY, ALABAMA (CONTINUED)
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CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST (Continued)

Reasonableness of Business Hours and Services in Meeting the Assessment Area Needs

Availability of banking services and hours of operations **DO NOT VARY** in a manner that inconveniences portions of the assessment area. The level of branch services and hours offered by Aliant Bank is basically the same throughout the assessment area.

Community Development Services

The bank provides an **ADEQUATE** level of community development services. Bank personnel have used their financial and managerial expertise in various community development services to benefit the assessment area. The purpose of most community development services is to promote decent and affordable housing and small business economic development. The table on the following page illustrates some of the bank's most significant activities during the review period.

NONMETROPOLITAN STATEWIDE AREAS – ALEXANDER CITY, ALABAMA (CONTINUED)

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

SERVICE TEST (Continued)

COMMUNITY DEVELOPMENT SERVICES FOR ALEXANDER CITY ASSESSMENT AREA	
ORGANIZATION	POSITION/SERVICE
Lake Martin Economic Development Alliance	Bank executive serves as Board Member and Treasurer. The organization is involved in assisting in making decisions to attract new businesses to the area.
Lake Martin Industrial Development Authority	Bank executive serves as Board Member and Treasurer. The authority is the land owning, bond-issuing arm of the Alliance. The officer is involved in making decisions on tax abatements, incentives, and arranging bond issues for the Lake Martin Area. The most recent efforts have been the development of a new Industrial Park in Kellyton, Coosa County.
Alexander City Industrial Development Board	Bank executive serves as Board Member and Secretary.
Tallapoosa County Lighthouse	Bank executive serves as Board Member. This organization provides grant money to several organizations needing assistance for their particular programs. Some of the services provided by the organizations include providing free home repair to low-income homeowners, providing food boxes for low-income families, and funds given to Habitat for Humanity, and an adult day care center for low-income senior citizens.
Alabama Civil Justice Foundation	Bank executive serves as Board Member. The foundation makes awards to low- to moderate-income groups that perform community projects. Awards total over \$750,000 annually.

METROPOLITAN AREA: BIRMINGHAM, ALABAMA

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN BIRMINGHAM, ALABAMA

The Birmingham assessment area was not reviewed using full-scope examination procedures; however, through the use of available facts and data, including performance and demographic information, conclusions regarding performance, which did not impact the overall rating are provided. Please refer to the tables in Appendix B, on pages 42 and 43, for information regarding these areas.

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

Assessment Area	Lending Test	Investment Test	Service Test
Birmingham	Consistent	Consistent	Not Consistent

APPENDIX A – SCOPE OF EXAMINATION

TIME PERIOD REVIEWED			
January 1, 1999 through September 30, 2000 for all assessment areas			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Aliant Bank, Alexander City, Alabama		Small Business and HMDA Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
Aliant Mortgage Corporation First Montgomery Insurance Agency Aliant Financial Corporation	Subsidiaries	None	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Alexander City, MSA – NA Coosa County - Tallapoosa County – 123	Exam procedures used	Dadeville Office	
Montgomery, MSA – 5240 Elmore County – 51 Montgomery County – 101	Exam procedures used	None	
Birmingham, MSA – 1000 Jefferson County – 73 Shelby County – 117	Exam procedures not used	Meadow Brook Office	

APPENDIX B

Aggregate Tables

ALIAN T BANK ASSESSMENT AREA												
1999 AGGREGATE LENDING COMPARISON												
SMALL BUSINESS / SMALL FARM												
Loan Type / Tract Category	Total Loans				Loan Amounts						Gross Revenue	
	Bank		Aggregate		\$100,000 or Less		\$100,001 - \$250,000		\$250,001 - \$1 Million		<=\$1 Million	
	#	%	#	%	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate
Small Business												
Low-Income	75	9.4%	1,392	8.5%	10.0%	7.6%	6.4%	12.2%	6.5%	14.1%	6.3%	8.5%
Moderate-Income	69	8.6%	2,270	13.8%	8.8%	13.7%	7.4%	14.3%	8.7%	14.8%	6.2%	12.5%
Middle-Income	393	49.1%	5,472	33.3%	51.9%	34.8%	40.4%	29.9%	26.1%	21.2%	53.8%	33.2%
Upper-Income	264	33.0%	7,281	44.4%	29.3%	43.9%	45.7%	43.5%	58.7%	49.9%	33.7%	45.8%
Total	801	100.0%	16,415	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of Loans					661	13,809	94	1,380	46	1,226	630	10,135
% of Total					82.5%	84.1%	11.7%	8.4%	5.7%	7.5%	78.7%	61.7%
Small Farm												
Low-Income	0	0.0%	2	0.6%	0.0%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Moderate-Income	1	12.5%	72	21.6%	14.3%	21.3%	0.0%	26.3%	0.0%	11.1%	12.5%	21.9%
Middle-Income	4	50.0%	182	54.7%	42.9%	55.9%	100.0%	50.0%	0.0%	33.3%	50.0%	55.2%
Upper-Income	3	37.5%	77	23.1%	42.9%	22.0%	0.0%	23.7%	0.0%	55.6%	37.5%	22.5%
Total	8	100.0%	333	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%
Number of Loans					7	286	1	38	0	9	8	315
% of Total					87.5%	85.9%	12.5%	11.4%	0.0%	2.7%	100.0%	94.6%

ALIAN T BANK ASSESSMENT AREA									
1999 AGGREGATE LENDING COMPARISON									
HMDA ORIGINATIONS & PURCHASES									
Income Category	By Tract Income				By Borrower Income				
	Bank		Aggregate		Bank		Aggregate		
	#	%	#	%	#	%	#	%	
Low-Income	7	1.5%	756	1.9%	37	8.2%	3,320	10.5%	
Moderate-Income	18	3.8%	3,980	10.1%	79	17.5%	7,282	23.1%	
Middle-Income	329	69.6%	16,127	41.0%	101	22.3%	7,731	24.5%	
Upper-Income	119	25.2%	18,504	47.0%	235	52.0%	13,227	41.9%	
Total	473	100.0%	39,367	100.0%	452	100.0%	31,560	100.0%	

APPENDIX B (Continued)

Aggregate Tables

MONTGOMERY ASSESSMENT AREA												
1999 AGGREGATE LENDING COMPARISON												
SMALL BUSINESS / SMALL FARM												
Loan Type / Tract Category	Total Loans				Loan Amounts						Gross Revenue	
	Bank		Aggregate		\$100,000 or Less		\$100,001 - \$250,000		\$250,001 - \$1 Million		<=\$1 Million	
	#	%	#	%	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate
Small Business												
Low-Income	48	10.4%	535	12.1%	10.7%	11.0%	10.6%	18.6%	4.2%	16.9%	9.7%	11.3%
Moderate-Income	63	13.6%	419	9.4%	14.1%	9.5%	10.6%	9.7%	12.5%	7.9%	10.2%	8.5%
Middle-Income	164	35.5%	1,718	38.7%	37.3%	40.0%	27.7%	33.8%	20.8%	28.8%	38.4%	39.0%
Upper-Income	187	40.5%	1,763	39.8%	37.9%	39.4%	51.1%	38.0%	62.5%	46.4%	41.8%	41.1%
Total	462	100.0%	4,435	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Number of Loans				391	3,751	47	382	24	302	383	3,031
	% of Total				84.6%	84.6%	10.2%	8.6%	5.2%	6.8%	82.9%	68.3%
Small Farm												
Low-Income	0	0.0%	1	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate-Income	1	20.0%	62	25.3%	20.0%	24.9%	0.0%	33.3%	0.0%	12.5%	20.0%	25.8%
Middle-Income	1	20.0%	136	55.5%	20.0%	56.8%	0.0%	50.0%	0.0%	37.5%	20.0%	54.9%
Upper-Income	3	60.0%	46	18.8%	60.0%	17.8%	0.0%	16.7%	0.0%	50.0%	60.0%	18.9%
Total	5	100.0%	245	100.0%	100.0%	100.0%	0.0%	100.0%	0.0%	100.0%	100.0%	100.0%
	Number of Loans				5	213	0	24	0	8	5	233
	% of Total				100.0%	86.9%	0.0%	9.8%	0.0%	3.3%	100.0%	95.1%

MONTGOMERY ASSESSMENT AREA									
1999 AGGREGATE LENDING COMPARISON									
HMDA ORIGINATIONS & PURCHASES									
Income Category	By Tract Income				By Borrower Income				
	Bank		Aggregate		Bank		Aggregate		
	#	%	#	%	#	%	#	%	%
Low-Income	5	3.0%	108	1.3%	15	9.5%	849	13.1%	
Moderate-Income	15	9.1%	880	10.6%	32	20.3%	1,587	24.5%	
Middle-Income	91	55.5%	4,014	48.2%	35	22.2%	1,578	24.4%	
Upper-Income	53	32.3%	3,318	39.9%	76	48.1%	2,456	38.0%	
Total	164	100.0%	8,320	100.0%	158	100.0%	6,470	100.0%	

APPENDIX B (Continued)

Aggregate Tables

ALEXANDER CITY ASSESSMENT AREA												
1999 AGGREGATE LENDING COMPARISON												
SMALL BUSINESS / SMALL FARM												
Loan Type / Tract Category	Total Loans				Loan Amounts						Gross Revenue	
	Bank		Aggregate		\$100,000 or Less		\$100,001 - \$250,000		\$250,001 - \$1 Million		<=\$1 Million	
	#	%	#	%	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate
Small Business												
Low-Income	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate-Income	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Middle-Income	203	94.4%	472	81.4%	94.7%	80.1%	91.7%	91.4%	100.0%	100.0%	93.5%	78.9%
Upper-Income	12	5.6%	108	18.6%	5.3%	19.9%	8.3%	8.6%	0.0%	0.0%	6.5%	21.1%
Total	215	100.0%	580	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of Loans					188	527	24	35	3	18	184	379
% of Total					87.4%	90.9%	11.2%	6.0%	1.4%	3.1%	85.6%	65.3%
Small Farm												
Low-Income	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate-Income	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Middle-Income	3	100.0%	24	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Upper-Income	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	3	100.0%	24	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Number of Loans					2	18	1	6	0	0	3	24
% of Total					66.7%	75.0%	33.3%	25.0%	0.0%	0.0%	100.0%	100.0%

ALEXANDER CITY ASSESSMENT AREA								
1999 AGGREGATE LENDING COMPARISON								
HMDA ORIGINATIONS & PURCHASES								
Income Category	By Tract Income				By Borrower Income			
	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
Low-Income	0	0.0%	0	0.0%	21	7.6%	41	4.4%
Moderate-Income	0	0.0%	0	0.0%	46	16.7%	141	15.0%
Middle-Income	229	81.2%	740	69.9%	64	23.2%	216	23.0%
Upper-Income	53	18.8%	318	30.1%	145	52.5%	541	57.6%
Total	282	100.0%	1,058	100.0%	276	100.0%	939	100.0%

APPENDIX B (Continued)

Aggregate Tables

BIRMINGHAM ASSESSMENT AREA												
1999 AGGREGATE LENDING COMPARISON												
SMALL BUSINESS / SMALL FARM												
Loan Type / Tract Category	Total Loans				Loan Amounts						Gross Revenue	
	Bank		Aggregate		\$100,000 or Less		\$100,001 - \$250,000		\$250,001 - \$1 Million		<=\$1 Million	
	#	%	#	%	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate	Bank	Aggregate
Small Business												
Low-Income	27	21.8%	857	7.5%	29.3%	6.7%	4.3%	10.2%	10.5%	13.5%	4.8%	7.7%
Moderate-Income	6	4.8%	1,851	16.2%	3.7%	16.1%	8.7%	16.7%	5.3%	17.3%	0.0%	15.1%
Middle-Income	26	21.0%	3,282	28.8%	23.2%	30.2%	13.0%	26.2%	21.1%	17.1%	31.7%	28.1%
Upper-Income	65	52.4%	5,410	47.5%	43.9%	47.1%	73.9%	46.9%	63.2%	52.1%	63.5%	49.2%
Total	124	100.0%	11,400	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Number of Loans					82	9,531	23	963	19	906	63	6,725
% of Total					66.1%	83.6%	18.5%	8.4%	15.3%	7.9%	50.8%	59.0%
Small Farm												
Low-Income	0	0.0%	1	1.6%	0.0%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Moderate-Income	0	0.0%	10	15.6%	0.0%	14.5%	0.0%	25.0%	0.0%	0.0%	0.0%	15.5%
Middle-Income	0	0.0%	22	34.4%	0.0%	38.2%	0.0%	12.5%	0.0%	0.0%	0.0%	37.9%
Upper-Income	0	0.0%	31	48.4%	0.0%	45.5%	0.0%	62.5%	0.0%	100.0%	0.0%	46.6%
Total	0	0.0%	64	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
Number of Loans					0	55	0	8	0	1	0	58
% of Total					0.0%	85.9%	0.0%	12.5%	0.0%	1.6%	0.0%	90.6%

BIRMINGHAM ASSESSMENT AREA								
1999 AGGREGATE LENDING COMPARISON								
HMDA ORIGINATIONS & PURCHASES								
Income Category	By Tract Income				By Borrower Income			
	Bank		Aggregate		Bank		Aggregate	
	#	%	#	%	#	%	#	%
Low-Income	2	7.4%	648	2.2%	1	5.6%	2,430	10.1%
Moderate-Income	3	11.1%	3,100	10.3%	1	5.6%	5,554	23.0%
Middle-Income	9	33.3%	11,373	37.9%	2	11.1%	5,937	24.6%
Upper-Income	13	48.1%	14,868	49.6%	14	77.8%	10,230	42.4%
Total	27	100.0%	29,989	100.0%	18	100.0%	24,151	100.0%

APPENDIX B (Continued)

BIRMINGHAM DEMOGRAPHIC TABLE

BIRMINGHAM ASSESSMENT AREA									
DEMOGRAPHICS									
2000 HUD Median Family Income (MSA): \$51,100	Tract Distribution		Families						
	#	%	<i>Families by Tract Income</i>		<i>Families < Poverty Level as a % of Families by Tract</i>		<i>Families by Family Income</i>		
Income Categories	#	%	#	%	#	%	#	%	
Low-Income	18	10.5%	16,971	8.2%	7,347	43.3%	43,909	21.3%	
Moderate-Income	35	20.3%	38,808	18.9%	8,112	20.9%	33,685	16.4%	
Middle-Income	67	39.0%	80,188	39.0%	7,136	8.9%	42,115	20.5%	
Upper-Income	52	30.2%	69,743	33.9%	1,909	2.7%	86,001	41.8%	
<i>Total Assessment Area*</i>	172	100.0%	205,710	100.0%	24,504	11.9%	205,710	100.0%	
	Housing Units by Tract	Housing Types by Tract							
	#	<i>Owner-Occupied</i>		<i>Rental</i>		<i>Vacant</i>			
Low-Income	29,519	9,348	4.9%	31.7%	16,459	55.8%	3,712	12.6%	
Moderate-Income	64,765	34,241	17.9%	52.9%	23,388	36.1%	7,136	11.0%	
Middle-Income	119,399	78,343	40.9%	65.6%	31,701	26.6%	9,355	7.8%	
Upper-Income	98,615	69,491	36.3%	70.5%	24,493	24.8%	4,631	4.7%	
<i>Total Assessment Area*</i>	312,298	191,423	100.0%	61.3%	96,041	30.8%	24,834	8.0%	
	Total Businesses by Tract				Businesses by Tract and Revenue Size:				
	#	%			<i>Under \$1 Million</i>		<i>Over \$1 Million</i>		
Low-Income	2,393		10.2%		1,944	9.7%	449	13.7%	
Moderate-Income	4,634		19.8%		3,937	19.6%	697	21.2%	
Middle-Income	6,920		29.6%		6,150	30.6%	770	23.4%	
Upper-Income	9,430		40.3%		8,060	40.1%	1,370	41.7%	
Tract Not Reported	0		0.0%		0	0.0%	0	0.0%	
<i>Total Assessment Area**</i>	23,377		100.0%		20,091	100.0%	3,286	100.0%	
Percentage of Total Businesses:									
85.9%									
14.1%									
LENDING									
	Small Business by Tract		Small Farm by Tract		HMDA				
	#	%	#	%	<i>by Tract</i>		<i>by Borrower</i>		
Low-Income	39	17.3%	0	0.0%	2	4.7%	1	3.3%	
Moderate-Income	16	7.1%	0	0.0%	8	18.6%	3	10.0%	
Middle-Income	42	18.7%	0	0.0%	14	32.6%	3	10.0%	
Upper-Income	128	56.9%	0	0.0%	19	44.2%	23	76.7%	
<i>Total Assessment Area</i>	225	100.0%	0	0.0%	43	100.0%	30	100.0%	
Income Not Available:							13	30.2%	
Loan Size:	Small Business		Small Farm						
	#	%	#	%	#	%	#	%	
\$100,000 or Less	148		65.8%		0		0.0%		
\$100,001 - \$250,000	45		20.0%		0		0.0%		
\$250,000 and Up	32		14.2%		0		0.0%		
Business Revenue:									
\$1 Million or Less	115		54.5%		0		0.0%		
Over \$1 Million	96		45.5%		0		0.0%		
<i>Total Revenue Available</i>	211		100.0%		0		0.0%		
Revenue Not Available	14		6.6%		0		0.0%		

* Source: 1990 Census Data

** Source: 1999 Dun & Bradstreet Data