



# LARGE BANK

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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

## Public Disclosure

April 8, 2002

### Community Reinvestment Act Performance Evaluation

National Bank of Commerce

Charter Number: 18629

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Birmingham, Alabama 35203

Office of the Comptroller of the Currency

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**NOTE:** This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated "Satisfactory".

The following table indicates the performance level of **National Bank of Commerce** with respect to the Lending, Investment, and Service Tests:

Performance Levels	National Bank of Commerce Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			X
Needs to Improve			
Substantial Noncompliance			

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

The major factors that support this rating include:

- Overall lending levels reflect a good responsiveness to meeting the credit needs of the assessment area (AA).
- An adequate percentage of the bank's loan originations are within the AA.
- The geographic distribution of loans is excellent.
- The distribution of loans by the income level of the borrower is adequate.
- The bank had a high level of Community Development (CD) loans. As a result, this had a positive effect on the bank's lending test rating.
- Given the available CD opportunities and dollar amount of investments in the AA, NBC's performance is good.
- NBC's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the Birmingham MSA.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate** - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

**Community Development (CD)** - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA)** - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Full-Scope Review** - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

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

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**Limited-Scope Review** - Performance under the lending, investment, and service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

**Low-Income** - Income levels that are less than 50 percent of the median family income.

**Median Family Income (MFI)** - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Statistical Area (MSA)** - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Middle-Income** - Income levels that are at least 80 percent and less than 120 percent of the MFI.

**Moderate-Income** - Income levels that are at least 50 percent and less than 80 percent of the MFI.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

**Small Loans to Farms** - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

**Tier 1 Capital** - The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income** - Income levels that are 120 percent or more of the MFI.

## **Description of Institution**

National Bank of Commerce (NBC) is an intrastate banking institution headquartered in Birmingham, AL. As of 12/31/01, NBC had total assets of \$1.1 billion. NBC has 15

banking offices and 25 cash dispensing ATMs throughout the AA. The bank's primary market is the Birmingham MSA that includes the following counties: Blount, Jefferson, Shelby and St. Clair Counties in AL. NBC has two subsidiaries; NBC Securities Inc., a securities brokerage firm and NBC Investments Inc. NBC Mortgage Company, a division of NBC underwrites the majority of the residential mortgage loans for their affiliate banks. As a result, a large portion of NBC's residential real estate loans is made outside their AA.

NBC is 100% owned by Alabama National Bancorporation(ANB), an eleven-bank holding company. ANB is headquartered in Delaware and has 60 banking offices throughout Alabama, Florida and Georgia. The banking subsidiaries provide retail, commercial, investment, brokerage, trust, leasing, insurance and mortgage banking services. ANB also owns a receivables factoring company, Corporate Billing Inc., and an insurance agency, ANB Insurance Services. As of 12/31/01, ANB had assets of \$2.8 billion and deposits of \$2 billion. NBC is the lead bank of the holding company, representing 39% of its assets.

NBC offers a full range of banking products and services. The type of loans that are available include agricultural, commercial, consumer, second mortgage real estate, 1-4 family residential real estate, and multi-family loans. As of 12/31/01, loans totaled \$723 million and deposits totaled \$579 million. Loans represent 67% of total assets. The distribution of NBC's loan portfolio follows: commercial (includes commercial real estate) (53%); 1-4 family residential properties (28%); other loans (17%), and consumer loans (2%). Based on the bank's loan mix and their business strategy, NBC is primarily a commercial lender. Small farm lending is not a significant product for the bank.

NBC's Tier 1 capital is \$82 million and their risked based capital to risk weighted assets equals 11.65%. NBC's subsidiaries had no impact on the bank's CRA performance. There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs in its AA.

NBC's CRA performance was rated "Satisfactory" in the last public evaluation dated May 3, 1999.

# **Scope of the Evaluation**

## **Evaluation Period/Products Evaluated**

This Performance Evaluation assesses the bank's performance under the Lending, Investment and Service Tests. In evaluating the bank's lending performance, we reviewed their residential mortgage loans subject to filing under HMDA and small loans to businesses. Small loans to farms were not evaluated. NBC originated or purchased only 2 small farm loans during the evaluation period.

With the exception of community development (CD) loans, the evaluation period for the Lending Test is January 1, 1999 through December 31, 2001. For CD loans, the Investment Test and the Services Test, the evaluation period is May 3, 1999 through April 8, 2002.

## **Data Integrity**

As part of this CRA evaluation, we tested the accuracy of NBC's small loans to businesses and HMDA loan data. We found that the bank's data was reliable for use during this examination. This evaluation is based on accurate data.

CD loans, investments and services submitted by NBC management were verified to ensure that they met the regulatory definition for CD. Some items submitted by NBC for consideration were excluded from this evaluation because they did not meet the definition or purpose of CD.

## **Selection of Areas for Full-Scope Review**

NBC has only one AA, the Birmingham MSA. The Birmingham MSA AA received a full-scope review. Refer to the table in Appendix A for more information.

## **Ratings**

The bank's overall rating is based on their performance in the Birmingham MSA. In determining the conclusions for the Lending Test, more weight was given to small loans to businesses than HMDA. This weighting is reflective of NBC's lending strategy.

Within the individual HMDA products, home purchase and refinance loans received more weight than home improvement loans. This weighting is reflective of NBC's loan volume by product type over the evaluation period. The volume of small loans to farms was not significant enough to perform a meaningful analysis.

## **Other**

The City of Birmingham administers a state enterprise zone that includes the city's industrially zoned land. Qualifying businesses within this zone receives state tax credits for jobs created by expanding or relocating into the zone. Within the enterprise zone, the City of Birmingham has identified a need to provide affordable housing, upgrade housing conditions, and provide home purchase opportunities for first time homebuyers for very low- and low-income individuals. Several organizations including the Department of Housing and Urban Development (HUD), University of Alabama at Birmingham (UAB), community groups and local financial institutions are working to upgrade affordable housing and expand business opportunities in the Birmingham Enterprise Zone.

Two community contacts were made during this examination. We also reviewed 3 community contacts that were conducted prior to this exam. The types of contacts made during this examination were to affordable housing organizations. The following credit needs were identified: affordable housing (1-4 family residential and rehabilitation) and small business loans (start-up). Also, the community contacts indicated that programs such as down payment assistance and programs to help consumers with closing cost are needed in the AA.

In the Birmingham MSA, there are some opportunities to make CD loans and investments and provide CD services. We identified eleven community-based organizations that provide affordable housing or economic development in the MSA. We identified two Community Development Corporations (CDCs) and two organizations that provide small business micro-loans. The remaining non-profit organizations provide affordable housing, down payment assistance, or credit counseling to individuals in the MSA. We did not identify any specialized Small Business Investment Corporations (SBICs) or Community Development Financial Institutions (CDFIs).



## **Fair Lending Review**

In conjunction with this evaluation, we performed a fair lending examination. We performed a comparative file analysis using conventional home purchase loan applications received during 2000. Our control group was white approved applicants and our prohibited basis group was black denied applicants.

No violations of the substantive provisions of the anti-discrimination laws and regulations were identified. NBC's record of complying with the anti-discrimination laws (Equal Credit Opportunity Act, Fair Housing Act, and HMDA) is satisfactory.

The bank has adequate policies, procedures, training programs, internal assessment efforts, or other practices in place to prevent discriminatory or other illegal credit practices.

# **Conclusions with Respect to Performance Tests**

## **LENDING TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the lending test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Birmingham MSA is good.

### **Lending Activity**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity.

Overall lending levels reflect a good responsiveness to meeting the credit needs of the assessment area. Relative to its deposit market rank, NBC's HMDA lending levels are adequate and its small loans to businesses lending levels are good. We did not evaluate small farm loans since this is not a significant lending activity of NBC. As of June 30, 2001 NBC ranked number 8 in deposits in the Birmingham MSA with a 3.98% market share. There are 29 financial institutions with banking offices throughout the AA.

Based on 2000 CRA aggregate data, NBC ranked number 8 in the Birmingham MSA in making small loans to businesses with a 3.71% market share. In the Birmingham MSA, there are 99 lenders making small loans to businesses.

Based on 2000 HMDA aggregate data, NBC ranked number 15 in overall volume of HMDA lending with a market share of 1.59%. In the Birmingham MSA there are 333 HMDA lenders. In terms of HMDA products, NBC ranked from number 16 for home purchase loans to number 20 for home improvement loans. Their market share ranged from 1.73% for home purchase loans to 1.23% for home improvement loans.

### **Distribution of Loans by Income Level of the Geography**

Overall, the geographic distribution of loans is excellent. The geographic distribution of HMDA loans is adequate. The geographic distribution of small loans to businesses is excellent.

In evaluating NBC's geographic distribution of mortgage loans, we considered the composition of the tracts. In low-income tracts, there are only 30 thousand units. Of this total, 56% are renter occupied. Furthermore, 34% of the units are multi-family housing. These factors contribute to the bank's inability to extend mortgage loans to individuals residing in these tracts. We also considered the number of competitors making loans in this market and the location of the bank's branches.

### ***Home Mortgage Loans***

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Overall, the geographic distribution of HMDA loans is adequate.

The overall geographic distribution of *home purchase loans* is adequate. The bank's percent of home purchase loans in low-income tracts is somewhat lower than the percent of owner-occupied units in these tracts. The percent of home purchase loans in moderate-income tracts is lower than the percent of owner-occupied units in moderate-income tracts. NBC didn't make any home purchase loans in low-income tracts during 2000. The bank's market share in moderate-income tracts is somewhat lower than their overall market share.

The overall geographic distribution of *home improvement loans* is adequate. The bank's percent of home improvement loans in low-income tracts is near the percent of owner-occupied units in these tracts. The percent of home improvement loans in moderate-income tracts is lower than the percent of owner-occupied units in moderate-income tracts. The bank's market share in low-income tracts exceeds their overall market share. The bank's market share in moderate-income tracts is somewhat lower than their overall market share.

The overall geographic distribution of *refinance loans* is adequate. The bank's percent of refinance loans in low-income tracts is somewhat lower than the percent of owner-occupied units in these tracts. The percent of refinance loans in moderate-income tracts is lower than the percent of owner-occupied units in moderate-income tracts. The bank's market share in low-income tracts lower than their overall market share. The bank's market share in moderate-income tracts is near their overall market share.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

The geographic distribution of small loans to businesses is excellent.

The bank's percent of loans in low-income tracts is near the percentage of businesses located in these tracts. The bank's percent of loans in moderate-income tracts exceeds the percentage of businesses located in moderate-income tracts. The bank's market share in low-income tracts exceeds their overall market share. Their market share in moderate-income tracts exceeds their overall market share.

### ***Small Loans to Farms***

Refer to Table 6 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

The bank's small loans to farms were not analyzed. Small loans to farms represent 1/100th of 1% of the bank's lending activity. The data is presented in the table for informational purposes only.

### ***Lending Gap Analysis***

We evaluated the lending distribution in this AA to determine if any unexplained conspicuous gaps existed. We reviewed lending reports detailing the volume of HMDA and small loans to businesses in low- and moderate-income geographies. No unexplained conspicuous gaps were identified. This performance had a positive effect on the bank's overall geographic distribution analysis.

### ***Inside/Outside Ratio***

An adequate percentage of the bank's loan originations are within the AA. Overall, 67% of NBC's loan originations are within their AA. By loan product, 54% of HMDA loans and 94% of small loans to businesses was inside the AA. NBC underwrites HMDA loans for their affiliate banks. As a result, a large percentage of their HMDA loans are originated outside their AA. This analysis was performed on the entire bank rather than by AA. This performance had a positive effect on the bank's overall geographic distribution analysis.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of loans by the income level of the borrower is adequate. The distribution of HMDA loans is adequate. The distribution of small loans to businesses is adequate.

In evaluating the borrower distribution of home mortgage loans, we considered the number of families that live below the poverty level and the barriers that this may have on home ownership. Approximately 12% of the families in the AA live below the poverty level. According to 1990 Census data, 55% of the low-income families live below the poverty level, which makes it difficult for them to afford and maintain a home.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Overall, the distribution of HMDA loans by borrower income level is adequate.

The overall distribution of *home purchase loans* is adequate. The bank's percent of home purchase loans to low-income borrowers is lower than the percent of low-income families that live in the AA. The bank's percent of home purchase loans to moderate-income borrowers exceeds the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers is somewhat lower than their overall market

share. The bank's market share to moderate-income borrowers is near their overall market share.

The overall distribution of *home improvement loans* is good. The bank's percent of home improvement loans to low-income borrowers is lower than the percent of low-income families that live in the AA. The bank's percent of home improvement loans to moderate-income borrowers exceeds the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers is near their overall market share. The bank's market share to moderate-income borrowers exceeds their overall market share.

The overall distribution of *refinance loans* is adequate. The bank's percent of refinance loans to low-income borrowers is lower than the percent of low-income families that live in the AA. The bank's percent of refinance loans to moderate-income borrowers is somewhat lower than the percent of moderate-income families that live in the AA. The bank's market share to low-income borrowers is somewhat lower than their overall market share. The bank's market share to moderate-income borrowers is somewhat lower than their overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to businesses is adequate. NBC's percentage of small loans to small businesses (businesses with annual revenues \$1 million or less) is lower than the percentage of small businesses in the AA. Their market share of small loans to small businesses is somewhat lower than their overall market share of small loans to all businesses. A majority of the bank's loans to small businesses are for amounts of \$100 thousand or less.

### ***Small Loans to Farms***

Refer to Table 11 in the Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The bank's small loans to farms were not analyzed. The data is presented in the table for informational purposes only.

### **Community Development Lending**

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending.

The bank's CD lending level had a positive effect on the bank's lending test. During the evaluation period, the bank made 19 qualified CD loans totaling \$4.1 million that benefited the AA. This amount is approximately 5% of the bank's Tier 1 capital. These loans were

not considered complex or innovative, but met identified needs in the community (affordable housing and small business). The loans provided 146 affordable housing units for low- and moderate-income individuals. Specific information regarding the bank's CD lending follows:

- A \$1.8 million loan to an organization to renovate a hotel into a homeless shelter.
- 8 loans totaling \$1.3 million for multi-family housing projects. The rental rates range from \$100 to \$345 per month, which are affordable for low- and moderate-income individuals.
- 3 construction loans for \$337 thousand to build affordable housing for low- and moderate-income individuals. NBC also provided 3 Letters of Credit totaling \$1.3 million to organizations to facilitate the construction of affordable housing in the MSA.
- 6 loans totaling \$561 thousand to a CDC and other non-profit organizations to provide financing of small business loans.
- A \$300 thousand commitment to fund a multi-family loan consortium. There are 48 financial institutions in the consortium. Various institutions fund a percentage of the cost to build a project. To-date, NBC has funded \$99 thousand in 4 projects.

## **Product Innovation and Flexibility**

NBC has one product that is considered flexible. The product, Affordable Housing Program, is targeted to low- and moderate-income individuals who want to purchase homes in low- or moderate-income tracts. The flexible features of the product includes a 3% down payment requirement, no PMI insurance, a fixed interest rate, and a total debt to income ratio of 40%. NBC's traditional loan product includes a 5% down payment requirement, PMI insurance, a 5 year ARM, and a total debt to income ratio of 36%.

During this evaluation period, NBC made 17 loans totaling \$765 thousand under this program.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Birmingham MSA is good.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

During this evaluation period NBC made \$6.6 million in qualified investments to CD organizations. NBC's investment represents 8% of their Tier I capital. Given the available

CD opportunities and dollar amount of investments in the AA, NBC's performance is good. Refer to the Scope of the Evaluation section for additional information on the available CD opportunities in this AA. These investments are not considered innovative or complex in nature but are responsive to identified needs in the community.

Of the \$6.7 million in qualified investments, \$6.4 million is attributed to 6 mortgage backed securities. These mortgages were to low- and moderate-income individuals. Also, approximately 63% of the dollar amount of the bonds are secured by mortgages located within the bank's AA.

The remaining \$241 thousand consists of qualified grants and donations to CD organizations. These organizations are involved in providing affordable housing for low- or moderate-income individuals or providing community services for low- or moderate-income individuals. These investments were not considered innovative or complex in nature. There are no prior period investments that are still outstanding.

## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance in the Birmingham MSA is adequate.

### **Retail Banking Services**

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

NBC's retail delivery systems are reasonably accessible to geographies and individuals of different income levels in the Birmingham MSA. The bank operates 15 banking offices in the MSA that are widely dispersed throughout the MSA.

The percentage of NBC's branches in low-income tracts is near the percentage of the population residing in those tracts. Their percentage of branches in moderate-income tracts is lower than the percentage of the population that resides in these tracts. NBC has 2 banking offices in moderate-income tracts. One office is located in Jefferson County and the other office is located in St. Clair County. There are 42 moderate-income tracts throughout the bank's AA.

In terms of where the low- or moderate-income families reside, the majority of the families reside in the moderate and middle-income tracts. In middle-income tracts, NBC's percentage of branches is near the percentage of the population that resides in these tracts.

The majority (80%) of NBC's branches are located in middle and upper-income tracts.

NBC closed one branch during this evaluation period. The branch was located in a moderate-income tract. However, the closing of this branch generally did not adversely affect the accessibility of delivering retail banking services to individuals residing in this tract. NBC's main office is located less than 2 miles from the branch that closed. Also, several competitors have branches within close proximity to the closed banking office. NBC did not open any new branches during this evaluation period.

NBC offers a wide range of banking products and services throughout its AA. The products, services and business hours are reasonable and do not vary from one location to another.



## **Community Development Services**

The level of community development services provided in the Birmingham MSA is good based on the number of employees participating and number of organizations benefiting. Refer to the Scope of the Evaluation section for additional information on the available CD opportunities in this AA. Eight employees and/or board members provided financial services to 18 qualified CD organizations. The types of services provided are not innovative in nature, but are responsive to the needs of the community. The following is a list of the financial services that were provided to qualified community development organizations during this evaluation period:

- o serving as a board member, president, vice president, treasurer, or as a member of 11 organizations that provide affordable housing or community development services to low- or moderate-income individuals; and
- o serving as a member or on the loan committee for 7 organizations that provide economic development by providing small business loans or that stabilize or revitalizes low- or moderate-income tracts.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): 1/1/99 to 12/31/01 Investment and Service Tests and CD Loans: 5/3/99 to 4/8/02	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
National Bank of Commerce Birmingham, AL	HMDA, small business, and CD loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
N/A		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Birmingham MSA	Full-Scope	

# Appendix B: Market Profiles for Full-Scope Areas

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### Market Profiles for Areas Receiving Full-Scope Reviews

Birmingham, AL MSA .....	B-1
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**BIRMINGHAM MSA**

Demographic Information for Full Scope Area: BIRMINGHAM MSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	189	9.52	22.22	40.74	27.51	0.00
Population by Geography	840,140	8.25	22.40	40.21	29.14	0.00
Owner-Occupied Housing by Geography	218,069	4.29	20.28	43.56	31.87	0.00
Business by Geography	36,637	10.49	18.78	33.54	37.19	0.00
Farms by Geography	817	3.06	22.77	43.57	30.60	0.00
Family Distribution by Income Level	231,479	21.74	17.00	20.89	40.37	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	89,679	14.89	31.56	40.88	12.67	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below Poverty Level		32,038 51,100 15.57%		Median Housing Value Unemployment Rate (1990 US Census)		64,064 2.89%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 US Census and 2001 HUD updated MFI

NBC has one AA that includes the contiguous counties of Blount, Shelby, Jefferson and St. Clair. All of these counties make up the Birmingham MSA. The bank's AA does not arbitrarily exclude any areas, particularly low or moderate-income areas.

The local economy has evolved from a manufacturing-based economy to a balance of manufacturing and service-based jobs. Healthcare, banking, insurance, distribution, retail, construction, engineering and a variety of service industries make up the economy. Major employers in the area include University of Alabama at Birmingham (14,975 employees), federal and state government (14,525 employees), Jefferson County Board of Education (6,121 employees), and BellSouth (6,020 employees). The Birmingham MSA also benefits from the construction of the Mercedes Benz manufacturing facility (located approximately 30 miles west of Birmingham). The plant began producing automobiles in 1997 and created 4,375 jobs for the area. As of February 2002, the unemployment rate for the MSA was low at 4.1% compared to the state average of 5.5%.

Strong competition is provided by large regional and local financial institutions. There are 29 banking institutions with offices in the MSA. These institutions have 264 offices and a total deposit base of \$15 billion. Of this total, NBC has 15 offices and a total deposit base of \$614 million. From a small business lending perspective, there are 99 institutions making loans throughout the Birmingham MSA.

Refer to the Scope of the Evaluation section of the Performance Evaluation for additional information on the identified credit needs and the community development lending, investment, and service opportunities in this AA.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.
- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of

the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.



**Table 1. Lending Volume**

LENDING VOLUME		Geography: BIRMINGHAM MSA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001				
MA/Assessment Area (2001):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
<b>Full Review:</b>												
BIRMINGHAM	100.00	2,246	320,873	1,959	239,552	2	35	19	4,097	4,226	564,557	100.00

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE DECEMBER 31, 2001		Geography: BIRMINGHAM MSA						Evaluation Period: JANUARY 1, 1999 TO DECEMBER 31, 2001							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	1,195	100.00	4.29	0.67	20.28	5.94	43.56	41.26	31.87	52.13	1.75	0.00	0.89	1.58	2.14

\* Loan Data as of December 31, 2001. Rated area refers to either the state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is From May 3, 1999 to April 8, 2002.

\*\*\* Deposit Data as of June 30, 2001. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

\*\*\*\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT DECEMBER 31, 2001			Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	104	100.00	4.29	3.85	20.28	5.77	43.56	48.08	31.87	42.31	1.24	4.23	0.41	1.14	1.65

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2001			Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied housing units in a particular geography divided by number of owner occupied housing units in the area based on 1990 Census information.

BIRMINGHAM MSA	925	100.0 0	4.29	0.65	20.28	7.68	43.56	42.70	31.87	48.97	1.31	0.28	0.91	1.51	1.39
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**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY 31, 2001			Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO DECEMBER				
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	22	100.00	17.01	13.64	16.88	50.00	32.62	18.18	33.49	18.18	15.56	50.00	25.00	6.67	0.00

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2001			Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	1,959	100.00	10.49	8.42	18.78	19.40	33.54	28.08	37.19	44.10	3.71	5.64	4.60	3.46	3.54

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* Multifamily loans originated and purchased in the MA/AA as a percentage of all multifamily loans originated and purchased in the rated area.

\*\*\* Percentage of multifamily units is the number of multifamily housing units in a particular geography divided by number of multifamily housing units in the area based on 1990 Census information.

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).



**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2001		Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO					
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overa ll	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	2	100.00	3.06	0.00	22.77	50.00	43.57	50.00	30.60	0.00	0.00	0.00	0.00	0.00	0.00

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE 31, 2001		Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO DECEMBER					
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	1,195	100.00	21.74	6.24	17.00	19.86	20.89	24.80	40.37	49.09	1.98	0.90	1.61	1.95	2.64

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Source Data - Dun and Bradstreet (2001).

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.51% of loans originated and purchased by NBC.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT DECEMBER 31, 2001		Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															
BIRMINGHAM MSA	104	100.00	21.74	11.00	17.00	24.00	20.89	19.00	40.37	46.00	1.21	0.79	1.30	1.18	1.46

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 31, 2001		Geography: BIRMINGHAM MSA								Evaluation Period: JANUARY 1, 1999 TO					
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families**	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans****	Over all	Low	Mod	Mid	Upp
<b>Full Review:</b>															

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* As a percentage of loans with borrower income information available. No information was available for 3.85% of loans originated and purchased by NBC.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\* Based on 2000 Peer Mortgage Data: Southeast Region 1.

\*\* As a percentage of loans with borrower income information available. No information was available for 10.70% of loans originated and purchased by NBC.

\*\*\* Percentage of Families is based on the 1990 Census information.

\*\*\*\* Home mortgage refinance loans originated and purchased in the MA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

BIRMINGHAM MSA	925	100.00	21.74	4.12	17.00	11.86	20.89	22.52	40.37	61.50	1.33	0.62	0.72	1.24	2.19
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**Table11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES DECEMBER 31, 2001				Geography: BIRMINGHAM MSA			Evaluation Period: JANUARY 1, 1999 TO		
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 Million or Less
<b>Full Review:</b>									
BIRMINGHAM MSA	1,959	100.00	85.26	37.67	70.14	15.77	14.09	3.71	2.34

**Table12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS DECEMBER 31, 2001				Geography: BIRMINGHAM MSA			Evaluation Period: JANUARY 1, 1999 TO		
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share*	
	#	% of Total**	% of Farms***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$ 1 Million or Less
<b>Full Review:</b>									

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2001).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 34.92% of small loans to businesses originated and purchased by NBC.

\* Based on 2000 Peer Small Business Data: US&PR.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2001).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 50.00% of small loans to farms originated and purchased by NBC.

BIRMINGHAM MSA	2	100.00	89.35	50.00	100.00	0.00	0.00	0.00	0.00
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**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS		Geography: BIRMINGHAM MSA				Evaluation Period: MAY 3, 1999 TO APRIL 8, 2002			
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
BIRMINGHAM MSA	0	0	49	6,641	49	6,641	100.00	0	0

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings**

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								Geography: BIRMINGHAM MSA				Evaluation Period: MAY 3, 1999 TO APRIL 8, 2002					
MA/Assessment Area:	Deposits % of Rated Area Deposits in AA	Branches				Branch Openings/Closings				Population							
		# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
BIRMINGHAM MSA	100.00	15	100.00	7.00	13.00	40.00	40.00	0	1	0	-1	0	0	8.25	22.40	40.21	29.14

\* 'Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

\*\* 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.