

PUBLIC DISCLOSURE

April 21, 2003

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bank of Dadeville

Dadeville, Alabama

RSSD ID Number: 360834

**FEDERAL RESERVE BANK OF ATLANTA
1000 PEACHTREE STREET, N.E.
ATLANTA, GEORGIA 30309-4470**

<p>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.</p>
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ABBREVIATIONS

Abbreviations

ATM-	Automated Teller Machine
BNA -	Block Numbering Area
CRA -	Community Reinvestment Act (Regulation BB)
FDIC -	Federal Deposit Insurance Corporation
FHA -	Federal Housing Administration
HMDA -	Home Mortgage Disclosure Act (Regulation C)
HUD -	Department of Housing and Urban Development
LTD -	Loan-to-Deposit Ratio
MSA -	Metropolitan Statistical Area
REIS -	Regional Economic Information Systems
VA -	Veterans 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 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 **Bank of Dadeville** prepared by the **Federal Reserve Bank of Atlanta**, the institution's supervisory agency, as of **April 21, 2003**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branch offices. 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, Bank of Dadeville meets the standards for a satisfactory level of performance in its assessment area; however, more emphasis should be placed on community development lending and community development services. General conclusions for each performance test area are as follows:

- *Lending Test* – The bank's lending levels reflect **EXCELLENT** responsiveness to assessment area credit needs. A **SUBSTANTIAL MAJORITY** of the bank's residential and small business loans are made in the bank's assessment area. The bank has exhibited a **GOOD** record of residential lending to borrowers of different income levels, as well as to small businesses with gross annual revenues of \$1 million or less. An analysis of the geographic distribution of residential and small business lending was not performed because the assessment area has no low- and moderate-income BNAs. Considering the level of opportunity in the market, the bank has originated a **RELATIVELY HIGH LEVEL** of community development loans totaling \$867,517. The bank makes **LITTLE USE** of flexible lending practices in serving assessment area credit needs.
- *Investment Test* – Considering the level of opportunity in the market as well as the bank's overall lending activity in the origination of HMDA and small business loans, the volume of qualified community development investments and grants is **SIGNIFICANT**; however, the bank is **RARELY** in a leadership position. The bank made contributions to two nonprofit organizations totaling \$26,200. Because of a lack of opportunity in the assessment area, the bank participated with an affiliate bank in purchasing a Low-Income Housing Tax Credit (LIHTC) investment outside its assessment area. Bank of Dadeville's participation equaled \$290,000. The bank has exhibited **ADEQUATE** responsiveness to credit and community development needs. The bank makes **OCCASIONAL USE** of innovative or complex investments to support community development initiatives.
- *Service Test* – The bank's systems for delivering retail-banking services are **REASONABLY ACCESSIBLE** to **ESSENTIALLY ALL** segments of the assessment area. The bank's record of opening and closing of branch offices has **NOT ADVERSELY AFFECTED** the accessibility of its delivery systems, particularly to low- and moderate-income individuals. Business hours and services **DO NOT**

INSTITUTION (Continued)

VARY IN A WAY THAT INCONVENIENCES CERTAIN PORTIONS of the assessment area. The bank **PROVIDES FEW, IF ANY,** financial services to organizations that promote community development.

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

PERFORMANCE LEVELS	<u>Bank of Dadeville</u>		
	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X	X	
Low Satisfactory			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.

DESCRIPTION OF INSTITUTION

Bank of Dadeville is a community bank located in Dadeville, Alabama. The bank is a wholly owned subsidiary of Alabama National BanCorporation (ANB), a \$3.3 billion multi-bank holding company with operations in Alabama, Georgia, and Florida. ANB has 10 bank subsidiaries, three of which are state-chartered banks that are members of the Federal Reserve System. The lead bank is National Bank of Commerce, Birmingham, Alabama. Bank of Dadeville's total assets represented 2.2 percent of the holding company's assets as of March 31, 2003. Bank of Dadeville operates two offices and two ATMs Tallapoosa County, Alabama.

According to the March 31, 2003 Consolidated Reports of Condition and Income (Call Report), the bank had total assets of \$74.9 million. The composition of the loan portfolio according to the March 31, 2003, December 31, 2002, and December 31, 2001 is displayed in the table below:

C O M P O S I T I O N O F L O A N P O R T F O L I O						
Loan Type	3/31/2003		12/31/2002		12/31/2001	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	\$3,464	8.3%	\$3,505	8.2%	\$943	2.1%
Secured by One- to Four- Family Dwellings	\$21,230	50.6%	\$21,339	50.1%	\$20,623	46.3%
Other Real Estate: Farmland	\$1	0.0%	\$4	0.0%	\$220	0.5%
Multifamily	\$0	0.0%	\$0	0.0%	\$929	2.1%
Nonfarm Nonresidential	\$5,929	14.1%	\$6,320	14.8%	\$8,195	18.4%
Commercial and Industrial	\$5,651	13.5%	\$5,341	12.5%	\$6,691	15.0%
Loans to Individuals	\$5,671	13.5%	\$6,037	14.2%	\$6,897	15.5%
Agricultural Loans	\$11	0.0%	\$19	0.0%	\$17	0.0%
Total	\$41,957	100.0%	\$42,565	100.0%	\$44,515	100.0%

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

As illustrated by the table on the preceding page, Bank of Dadeville'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 loans to individuals. In addition, the table shows the year-end trend in the bank's loan portfolio for the past two years compared to the most recent portfolio dated March 31, 2003. Based on data provided in the table, the composition of the loan portfolio has not changed significantly since the previous examination. However, the bank's net loans and leases have been declining since year-end 2001. The decline is reflective of the Tallapoosa County's slowing economy.

DESCRIPTION OF INSTITUTION (Continued)

Bank of Dadeville's average net LTD ratio for the 15 quarters ending September 30, 2002, was 77.4 percent. The LTD ratio ranged from a low of 72.0 percent to a high of 84.0 percent during the 15-quarter period.

Bank of Dadeville offers typical community bank services. The primary services offered are demand deposit and savings accounts, consumer and residential real estate loans, and small business loans. Bank of Dadeville generally complies with the CRA. No known legal or other impediments exist that would restrain the bank from meeting the credit needs of its assessment areas. The bank received an outstanding CRA rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated April 27, 1998. This is the bank's first examination under the "Large Bank" test for CRA.

DESCRIPTION OF ASSESSMENT AREA: Tallapoosa County, Alabama

Overview

Bank of Dadeville's assessment area consists of Tallapoosa County, which is a nonmetropolitan area. The assessment area is comprised of nine BNAs, of which seven are middle-income (77.8 percent) and 2 are upper-income (22.2 percent). There are no low- or moderate-income BNAs in the assessment area. The assessment area does not arbitrarily exclude any low- or moderate-income BNAs. Bank of Dadeville's main office and one ATM are located in a middle-income BNA, and a branch office and one ATM is located in an upper-income BNA.

Demographic Data by Block Numbering Area

The table on page 9 provides demographic 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 bank's assessment area was 38,826 persons. This figure represented slightly less than one percent of the population for the state of Alabama. According to the estimated Census data, as of July 1, 2001, the assessment area's population increased by 5.8 percent to 41,090 persons, and still represents slightly less than one percent of the population for the state of Alabama.

Income Characteristics

At the time of the 1990 Census, there were 11,037 families in the assessment area. 18.1 percent were low-income, 15.5 percent were moderate-income, 20.2 percent were middle-income, and 46.1 percent were upper-income. Of the total families in the assessment area, 1,441 families (13.1 percent) have incomes below the poverty level. The 1990 median family income for the assessment area was \$27,371, which is lower than the state median family income of \$28,688. According to HUD, the estimated 1999, 2000, 2001, and 2002 median family incomes for all nonmetropolitan areas in Alabama were \$35,100, \$37,100, \$38,500, and \$39,300, respectively.

DESCRIPTION OF ASSESSMENT AREA: Tallapoosa County, Alabama (Continued)

Housing Characteristics

According to the 1990 Census there are 17,312 housing units in the assessment area, of which 63.8 percent are owner-occupied units. Owner-occupied housing units are more affordable in this assessment area than in the state overall. 1990 Census data indicates that the median value of housing units in the assessment area was \$45,120, which is 17.9 percent lower than the median housing value for the state of Alabama, which was \$53,205.

Employment Statistics

The assessment area's economy is primarily dependent on the manufacturing, retail trade, and service sectors based on information obtained from REIS. The economy of the assessment area has undergone a significant change within the last five years. The largest industrial employer, Russell Corporation, a textile manufacturer of active sportswear, reduced its workforce from 6,000 employees to approximately 2,400 employees. The company closed seven mills in Tallapoosa County and relocated its mills to Mexico and Latin America. Many of the residents in the bank's assessment area are employed outside the assessment area in neighboring Lee County. The 1999, 2000, 2001, and 2002 annual unemployment rates (not seasonally adjusted) for the assessment area were 5.3, 5.2, 6.7, and 8.3 percents, respectively. The 1999, 2000, 2001, and 2002 annual unemployment rates (not seasonally adjusted) for the state of Alabama were 4.8, 4.6, 5.3, and 5.9 percents, respectively.

Business Size Characteristics

The table on page 9 provides key demographic business data by revenue size and BNAs in the assessment area. The table illustrates that, in 2002, according to Dun & Bradstreet, 82.1 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 assessment area is a highly competitive banking market due to the presence of several banks in this market and local area population. As of June 30, 2002, there are five other financial institutions operating 11 offices in the assessment area. Several of these banks are statewide, multi-regional, or national banks. Bank of Dadeville's largest competitors in the assessment area include SouthTrust Bank, Colonial Bank, and Aliant Bank. According to the June 30, 2002 FDIC/OTS Summary of Deposits Report, Bank of Dadeville ranked 4th in deposit market share at 12.1 percent in the assessment area. Deposit market shares for Bank of Dadeville in 1999, 2000, and 2001 were 13.0 percent, 12.9 percent, and 11.97 percent, respectively. Local competition does not seem to adversely affect the bank's ability to serve the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA: Tallapoosa County, Alabama (Continued)

Community Contacts

As part of the CRA examination, information was obtained from community contacts regarding local economic conditions and community credit needs. It was noted that Bank of Dadeville has been very receptive to the credit needs of the community. Both contacts stated that financial institutions in the assessment area were meeting credit and banking needs. However one contact stated that a need exists for more flexible mortgage financing, such as down payment and closing costs assistance for first-time homebuyers.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS

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

BANK OF DADEVILLE ASSESSMENT AREA								
DEMOGRAPHICS								
2002 HUD Median Family Income (State Nonmetro): \$39,300	Tract Distribution		Families					
	#	%	Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
Income Categories			#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%	2,003	18.1%
Moderate	0	0.0%	0	0.0%	0	0.0%	1,714	15.5%
Middle	7	77.8%	7,593	68.8%	1,102	14.5%	2,233	20.2%
Upper	2	22.2%	3,444	31.2%	339	9.8%	5,087	46.1%
NA	0	0.0%	0	0.0%	0	0.0%	-	-
Total	9	100.0%	11,037	100.0%	1,441	13.1%	11,037	100.0%
Housing Units by Tract								
	Total Units	Owner Occupied		Rental Occupied		Vacant		
		#	%	%	#	%	#	%
Low	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Moderate	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Middle	11,112	7,664	69.4%	69.0%	2,566	23.1%	882	7.9%
Upper	6,200	3,381	30.6%	54.5%	1,089	17.6%	1,730	27.9%
NA	0	0	0.0%	0.0%	0	0.0%	0	0.0%
Total	17,312	11,045	100.0%	63.8%	3,655	21.1%	2,612	15.1%
Total Businesses by Tract			Businesses by Tract and Revenue Size					
	#	%	Under \$1 Million		Over \$1 Million		Revenue not Reported	
			#	%	#	%	#	%
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	889	52.2%	731	52.3%	58	57.4%	100	49.3%
Upper	814	47.8%	668	47.7%	43	42.6%	103	50.7%
NA	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1,703	100.0%	1,399	100.0%	101	100.0%	203	100.0%
			Percentage of Total Businesses:		82.1%		5.9%	
							11.9%	

Sources: 1990 Census Data, 2002 Dun & Bradstreet business demographic data.
NA Tracts are tracts without household or family income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)

The following tables show the bank's small business lending by tract income level, by loan size and business revenue, as well as the bank's residential lending by tract income level.

BANK OF DADEVILLE ASSESSMENT AREA				
SMALL BUSINESS LENDING				
	By Tract Income			
	#	%	\$	%
Low	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%
Middle	431	73.2%	11,458	77.9%
Upper	158	26.8%	3,256	22.1%
NA	0	0.0%	0	0.0%
Total	589	100.0%	14,714	100.0%
	By Loan Size and Revenue			
	#	%	\$	%
Loan Size:				
\$100,000 or less	561	95.2%	8,350	56.7%
\$100,001 - \$250,000	19	3.2%	3,227	21.9%
\$250,001 - \$1 Million	9	1.5%	3,137	21.3%
Total	589	100.0%	14,714	100.0%
Revenue:				
\$1 Million or Less	130	22.1%	3,919	26.6%
Over \$1 Million	11	1.9%	1,764	12.0%
Not Known	448	76.1%	9,031	61.4%
Total	589	100.0%	14,714	100.0%

Originations and purchases

Small Business loans are loan sizes that are \$1 million or less.

GEOGRAPHIC DISTRIBUTION				
Tract Income Level	Residential			
	#	%	\$(000s)	%
Low-Income	0	0.0%	0	0.0%
Moderate-Income	0	0.0%	0	0.0%
Middle-Income	70	59.3%	3,045	51.2%
Upper-Income	48	40.7%	2,902	48.8%
Total Assessment Area	118	100.0%	5,947	100.0%

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (Continued)
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LENDING TEST

Overview

Bank of Dadeville is not subject to the reporting requirements of Regulation C – Home Mortgage Disclosure Act. Therefore, a sample of the bank’s residential real estate loans originated from January 1, 1999 through September 30, 2002 was analyzed for the lending test. The bank is subject to the requirement to report small business and farm loans under the CRA. The bank became subject to this requirement on January 1, 1999. Small business loans originated between January 1, 1999 through September 30, 2002 were also considered in the lending test analysis. Community development loans originated since the bank’s previous examination were considered in the lending test analysis. 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, or revitalization or stabilization of low- and moderate-income areas through the creation or retention of jobs for low- and moderate-income persons. A community development loan may also be a loan to an entity for the purpose of economic development through the financing of small businesses and farms that meet certain eligibility standards.

During the review period, small business loan volume significantly exceeded residential loan volume. Consequently, small business lending was given more weight in determining the lending test rating.

Bank of Dadeville’s lending performance in the assessment area is **HIGH SATISFACTORY**.

Lending Activity

Considering the bank’s market share of deposits in its assessment areas, information gathered from community contacts, competition, and demographic information, lending levels reflect **EXCELLENT** responsiveness to assessment area credit needs. Bank of Dadeville originated 589 small business loans totaling \$14.7 million in its assessment areas. According to CRA aggregate small business lending data, Bank of Dadeville ranked 2nd out of 21 lenders in the origination of small business loans in 1999; 2nd out of 36 lenders in 2000; and 2nd out of 37 lenders in 2001. The bank’s market share of small business loans for 1999, 2000, and 2001 were 20.4 percent, 15.5 percent, and 18.7 percent, respectively. CRA small business aggregate data for 2002 was not available. As far as residential lending, the bank originated \$5.9 million in the assessment area. Because the bank is not a HMDA reporter, no aggregate data was available to compare to the bank’s lending level.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (Continued)

Assessment Area Concentration

A **SUBSTANTIAL MAJORITY** of the bank’s lending occurs inside its assessment area. The table below shows the distribution of loans that were originated inside and outside the bank’s assessment area, by number of loans and dollar amount, according to loan type.

LENDING INSIDE AND OUTSIDE ASSESSMENT AREA				
Loan Type	IN			
	Number	Percent	\$ (000s)	Percent
Residential	118	84.9%	\$5,947	87.0%
Small Business	589	87.5%	\$14,714	84.6%
<i>Total In</i>	<i>707</i>	<i>87.1%</i>	<i>\$20,661</i>	<i>85.3%</i>
	OUT			
	Number	Percent	\$ (000s)	Percent
Residential	21	15.1%	\$890	13.0%
Small Business	84	12.5%	\$2,682	15.4%
<i>Total Out</i>	<i>105</i>	<i>12.9%</i>	<i>\$3,572</i>	<i>14.7%</i>

As indicated by the table above, 87.1 percent of the bank’s small business and residential loans were made inside the bank’s assessment area. Also, a substantial majority of the loan dollars associated with these loans were inside the bank’s assessment area. This level of lending inside the assessment area indicates the bank’s willingness to serve the credit needs of its assessment area.

Geographic Distribution of Loans

The analysis of the geographic distribution of residential and small business lending was not performed because the assessment area does not contain any low- and moderate-income BNAs.

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

For this analysis, the distribution of residential lending by borrower income levels and small business lending by business revenue sizes was compared with available demographic information. Performance context issues were also considered, as well as the performance of other banks.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

RESIDENTIAL LOANS BY BORROWER INCOME				
Borrower Income Level	#	%	\$(000s)	%
Low-Income	4	3.4%	125	2.1%
Moderate-Income	25	21.2%	744	12.5%
Middle-Income	25	21.2%	915	15.4%
Upper-Income	57	48.3%	4,023	67.6%
NA	7	5.9%	140	2.4%
<i>Total Assessment Area</i>	<i>118</i>	<i>100.0%</i>	<i>5,947</i>	<i>100.0%</i>

Based on loan data for the review period, low-income families represented 18.1 percent of total families and received only 3.4 percent of the sampled residential loans. A possible reason for this lending disparity is that 13.1 percent of families in the assessment area are below the poverty level. Typically, families with incomes below the poverty level have difficulty qualifying for residential real estate loans without flexible or innovative loan underwriting standards. Assuming that the 1,441 families below poverty level in the assessment area are categorized as low-income, there are 562 non-poverty, low-income families in the assessment area, representing 5.1 percent of total families. The bank's lending to low-income borrowers at 3.4 percent is below this percentage. Moderate-income borrowers received 21.2 percent of the residential loans and they comprise 15.5 percent of total families in the assessment area. The percent of residential lending to middle-income borrowers at 21.2 percent was comparable to their percentage make-up of total families at 20.2 percent.

Of the 589 small business loans made inside the assessment area, business revenue was reported for only 141 loans (23.9 percent). According to senior management, many of the loans without reported revenue were approved on the financial strength of the borrower and not the business. Of the 141 loans to businesses that reported gross revenues, 130 loans (92.2 percent) were originated to businesses with gross annual revenues of \$1 million or less. Considering only loans to businesses whose gross annual revenues were known, Bank of Dadeville's percentage of lending to small businesses is above the percentage (82.1 percent) of small businesses in the assessment area. Because of the lack of gross annual revenue information in a majority of the bank's small business loans, the loan size of small business loans was used as a proxy for revenue size. Of the 589 small business loans made inside the assessment area, 561 (95.2 percent) were in amounts of \$100,000 or less and also exceeded the percentage of small businesses in the assessment area.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

LENDING TEST (Continued)

The Small Business Aggregate lending comparison tables on page 20 of Appendix B show that in 1999, 2000, and 2001, Bank of Dadeville's percentages of small business lending to businesses with revenues below \$1 million are less than the aggregate. The bank's performance is attributed to the large number of Bank of Dadeville's loans with revenues not reported that are excluded from the computation of the bank's percentages. When considering loan size category, Bank of Dadeville's 1999, 2000, and 2001 percentages of small business loans made in amounts of \$100,000 or less are significantly above the performances of the aggregate market in these three years.

Based on these factors, Bank of Dadeville's performance with regard to the distribution of loans by borrower's income and revenue sizes of businesses is **GOOD**.

Bank of Dadeville makes **LIMITED USE** of flexible lending programs. As a community bank, Bank of Dadeville tailors its loans to the individual needs of its customers and attempts to use this flexibility to find a way to make every consumer and business loan request. However, Bank of Dadeville offers very few flexible lending programs in its residential real estate products. The bank does not offer high loan-to-value mortgage loans, FHA or VA loans, or a formal First Time Homebuyers Program. Requests for these types of loans are referred to an affiliate, First American Bank, for underwriting and processing. Bank of Dadeville exhibits an **ADEQUATE** record of serving the credit needs of low-income individuals and an **EXCELLENT** record, based on loan size, of serving the needs of small businesses within the bank's assessment area.

Community Development Lending

Bank of Dadeville makes a **RELATIVELY HIGH** level of community development loans in the assessment area. Because of local demographics and the presence of several large regional banks in the assessment area, Bank of Dadeville faces strong competition in finding community development loans that meet the CRA definition. During the review period, the bank originated three community development loans totaling \$867,517. These loans funded the rebuilding and renovation of an abandon building to be used by a new business that would primarily employ low- and moderate-income individuals and the purchase of land to be used for an industrial park.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

INVESTMENT TEST

Bank of Dadeville’s performance in the assessment area is **HIGH SATISFACTORY**. Considering the limited level of opportunity and competition in the bank’s market, the volume of qualified community development investments is **SIGNIFICANT**; however, the bank is **RARELY** in a leadership position. According to community contacts, few, if any, qualified investment opportunities were available in the assessment area. As a result, Bank of Dadeville participated in a Low-Income Housing Tax Credit (LIHTC) outside the bank’s assessment area in the amount of \$290,000. Bank of Dadeville contributed \$1,200 to the Lake Martin Area United Way organization, and donated a building valued at \$25,000 to the town of Camp Hill, which is a low-income community. Bank of Dadeville exhibits **ADEQUATE** responsiveness to credit and community development needs by its **OCCASIONAL USE** of community development initiatives. The bank **OCCASIONALLY USES** complex or innovative investments to support community development initiatives.

SERVICE TEST

Bank of Dadeville’s performance in the assessment area is **LOW SATISFACTORY**.

Accessibility of Delivery Systems

The bank’s offices are **REASONABLY ACCESSIBLE** to **ESSENTIALLY ALL** portions of the assessment area. Bank of Dadeville operates one main office, one branch office, and two ATMs in the assessment area. The distribution of the bank’s offices and ATMs were compared to the distribution of families and businesses in the assessment area and is displayed in the chart below.

BANK OF DADEVILLE – DISTRIBUTION OF BRANCHES AND ATMS						
BNA 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	1	50%	1	50%	69%	52%
Upper-Income	1	50%	1	50%	31%	48%
<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS (CONTINUED)

SERVICE TEST (Continued)

Bank of Dadeville's alternative delivery systems for providing retail-banking services to its assessment area are limited to 24-hour ATMs and an interactive web site. Since the previous examination, Bank of Dadeville has not opened or closed any branch offices. Given the above information, the bank's record of opening and closing branch offices has **NOT ADVERSELY AFFECTED** the accessibility of its delivery systems, particularly to low- and moderate-income individuals. Availability of banking services and hours of operations **DO NOT VARY IN A WAY THAT INCONVENIENCES CERTAIN PORTIONS** of the assessment area. The level of branch services and hours offered by Bank of Dadeville is basically the same throughout the assessment area.

Community Development Services

The bank **PROVIDES FEW, IF ANY** financial services to organizations that promote community development. Bank personnel have not provided financial and managerial expertise to any community development organization to benefit the assessment area, particularly low- and moderate-income individuals and small businesses. Bank personnel have provided community services in its assessment area; however, none met the definition of community development services under CRA.

COMPLIANCE WITH ANTIDISCRIMINATION LAWS

Bank of Dadeville solicits applications from all segments of its communities, including low- and moderate-income individuals. 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. No evidence of prohibited discrimination or 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.

APPENDIX A – SCOPE OF EXAMINATION

TIME PERIOD REVIEWED			
January 1, 1999 through September 30, 2002			
FINANCIAL INSTITUTION		PRODUCTS REVIEWED	
Bank of Dadeville, Dadeville, Alabama		Residential and Small Business Loans	
AFFILIATE(S)	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED	
National Bank of Commerce	Affiliate bank	Qualified Investment	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Tallapoosa County, Alabama	Large bank examination Procedures Used	Dadeville Office (Main) Jackson Gap (Branch)	

APPENDIX B

Aggregate Tables

BANK OF DADEVILLE ASSESSMENT AREA													
1999 AGGREGATE LENDING COMPARISON													
SMALL BUSINESS													
Tract Income 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	
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Moderate	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Middle	109	69.9%	520	87.7%	69.7%	86.9%	0.0%	90.9%	100.0%	100.0%	59.5%	86.8%	
Upper	47	30.1%	73	12.3%	30.3%	13.1%	0.0%	9.1%	0.0%	0.0%	40.5%	13.2%	
NA	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total	156	100.0%	593	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Number of Loans					155	520	0	55	1	18	84	438	
% of Total					99.4%	87.7%	0.0%	9.3%	0.6%	3.0%	53.8%	73.9%	

BANK OF DADEVILLE ASSESSMENT AREA													
2000 AGGREGATE LENDING COMPARISON													
SMALL BUSINESS													
Tract Income 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	
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Moderate	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Middle	99	73.9%	378	53.4%	74.2%	53.1%	50.0%	54.7%	0.0%	56.4%	100.0%	50.8%	
Upper	35	26.1%	330	46.6%	25.8%	46.9%	50.0%	45.3%	0.0%	43.6%	0.0%	49.2%	
NA	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total	134	100.0%	708	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	
Number of Loans					132	616	2	53	0	39	3	260	
% of Total					98.5%	87.0%	1.5%	7.5%	0.0%	5.5%	2.2%	36.7%	

BANK OF DADEVILLE ASSESSMENT AREA													
2001 AGGREGATE LENDING COMPARISON													
SMALL BUSINESS													
Tract Income 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	
Low	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Moderate	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Middle	119	70.8%	349	49.3%	69.9%	50.0%	75.0%	45.0%	100.0%	44.1%	65.4%	49.3%	
Upper	49	29.2%	359	50.7%	30.1%	50.0%	25.0%	55.0%	0.0%	55.9%	34.6%	50.7%	
NA	0	0.0%	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Total	168	100.0%	708	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Number of Loans					156	614	8	60	4	34	26	274	
% of Total					92.9%	86.7%	4.8%	8.5%	2.4%	4.8%	15.5%	38.7%	

APPENDIX C - GLOSSARY

Adequate - This rating is assigned to an institution with lending performance that is comparable to the characteristics of demographic data and aggregate performance.

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Block numbering area (“BNA”): A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

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

Community development: Affordable housing (including multifamily rental 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.

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

Excellent: This rating is assigned for an institution with lending performance that substantially exceeds the characteristics of demographic and aggregate performance.

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

Full review: Performance under the lending, investment and service tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity and responsiveness).

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

Good: This rating is assigned to an institution with lending performance that exceeds the characteristics of demographic and aggregate performance.

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 data such as race, gender and income of applications, amount of loan requested, and disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited review: Performance under the lending, investment and service tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (“MA”): Any primary metropolitan statistical area (“PMSA”), metropolitan statistical area (“MSA”), or consolidated metropolitan statistical area (“CMSA”), as defined by the Office of Management and Budget, with a population of 250 thousand or more, and any other area designated as such by the appropriate federal financial supervisory agency.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

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

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

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

Poor: This rating is assigned to an institution with lending performance that is significantly below the characteristics of demographic data and aggregate performance.

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

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

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

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

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