



LARGE BANK

Comptroller of the Currency
Administrator of National Banks



Public Disclosure

December 31, 2001

Community Reinvestment Act Performance Evaluation

**National Bank of Commerce
Charter Number: 13681**

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Memphis, Tennessee 38103**

Office of the Comptroller of the Currency

**Large Bank Supervision
250 E Street, S.W.
Washington, D.C. 20219**

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 (LMI) 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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Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. 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.

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 MSA/assessment area.

Assessment Area (AA)- A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Banking Presence - Bank deposits held within an assessment area relative to total deposits held within a rating 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 (CT): 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 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 (CD): 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.

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.

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.

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 non-relatives 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-Scope Review - Performance under the Lending, Investment, and Service Tests is analyzed considering fully developed 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 United States 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 area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

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

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 MSA/assessment area.

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 United States 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: 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.

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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Business/Small Farm - A business or farm that has \$1 million or less in gross annual revenues.

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 nonmortgage, 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 Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One 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: 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.

Description of Institution

National Bank of Commerce (NBC) is an interstate bank headquartered in Memphis, Tennessee. The bank has total assets of approximately \$7.9 billion and operates 175 branches in Tennessee, Georgia, Virginia, West Virginia and Arkansas. NBC is a subsidiary of National Commerce Financial Corporation (NCFC), also headquartered in Memphis, with operational headquarters in Durham, North Carolina. NCFC has \$19.4 billion in total assets.

The bank offers a full range of consumer and commercial credit and deposit products throughout its AAs. It also offers wealth management, brokerage, mortgage loans and insurance products. As of 9/30/01, NBC had net loans of \$4.2 billion. This represents about 94.31% of total deposits. The bank's loan portfolio consists primarily of loans secured by residential and commercial real estate (54.54%). The portfolio also consists of loans to individuals (not secured by real estate – 24.32%), commercial loans (not secured by real estate – 16.33%). The agricultural lending is negligible. The bank's Tier I capital is approximately \$629.2 million. Due to a merger of NBC with an affiliate bank in the fourth quarter of 2001, the last publicly available financial data for NBC was 9/30/01.

The bank's stated strategy is to focus steadfastly on customers and communities. As a result, NBC's aim is to provide quality, innovation, service and convenience. It uses a "hub-and-spoke" expansion philosophy, where traditional bank branch hubs are surrounded by multiple spoke locations in grocery stores. This strategy has been successful in attaining market presence in many of the bank's market areas. Foreign deposits held represent a very small portion of the total deposits, and have no impact on the bank's CRA performance.

The bank's community development strategy is to identify the entities in each region that are working on affordable housing, small business development, revitalization, etc. and communicate an interest in partnering with the projects. All local offices, as well as commercial and real estate lending departments, are trained to identify community development opportunities for referral to the CRA Department. Also, the bank's employees are aware of the responsibility to conduct community development services on behalf of the bank. Community development activities are reviewed quarterly and discussed with the regions to identify weaknesses and evaluate performance. The regional presidents are included in subsequent discussions.

The recurring community development need in the majority of the bank's regions is the need for affordable housing and for home improvement funds. Various factors present the bank with ongoing challenges to meet the needs of low- to moderate-income borrowers in certain areas. Those include NBC's emerging presence in

several markets with its existing locations and proximity to community development opportunities and significant levels of population below the poverty threshold.

There are no legal, financial or other factors impeding the bank's ability to help meet the credit needs of the communities. There has been considerable merger activity during and subsequent to this assessment period. However, the resulting acquired locations were not part of the existing AAs for NBC. Therefore, they are not included in this evaluation and had no influence upon the bank's CRA performance. Significant merger activity culminated on July 5, 2000 when the parent holding company National Commerce Bancorporation (NCBC) merged with CCB Financial Corporation, with NCBC the surviving entity. CCB Financial was the parent holding company for the state chartered Central Carolina Bank and Trust. This merger doubled the asset size of NCBC as well as the number of bank branches operated. It also expanded the company's operations into North and South Carolina. Furthermore, the company acquired several other small state-chartered banks and two leasing companies. NCBC became NCFC on April 25, 2001. CCB Financial combined its operation under NBC's national banking charter effective December 31, 2001.

The date of the last CRA examination was July 6, 1998. The OCC rated the bank "Satisfactory" at the time of that examination.

Description of Evaluation Process

Evaluation Period/Products Evaluated

Unless otherwise noted, conclusions drawn throughout this evaluation are based upon bank performance during fiscal years 2000 and 2001. Please refer to Appendix A for a detailed listing of products as well as entities included in our review.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, a sample of assessment areas (AAs) within that state was selected for full-scope review. Refer to the "Scope" section under each State Rating for details regarding how the areas were selected. Every multistate metropolitan area in which the bank has branches in more than one state received a full-scope review.

Ratings

The overall Lending, Investment, and Service Test ratings for the multistate MSAs and states are based primarily on conclusions drawn for those areas that received full-scope reviews, but were also influenced by performance in limited-scope areas. When determining the Lending Test conclusions by AA, HMDA loan products have been weighted more heavily than small business and small farm loans. The weighting reflects NBC's loan volume over the evaluation period. The combined geographic and borrower distribution of HMDA, small business and small farm loans provided the most weight to AA Lending Test conclusions. Other factors, such as lending volume and the use of innovative and flexible lending programs, provided a lesser amount of weight to conclusions. Based on volume and complexity, community development lending provided a neutral or positive impact to overall Lending Test ratings. Investment and contribution activity and responsiveness to community development needs were considered equally throughout the analysis when determining Investment Test AA conclusions. Finally, accessibility to branch offices as well as changes in branch locations provided the most weight when determining Service Test conclusions. Branch hours and services and community development services received a lesser amount of weight to overall conclusions.

NBC's overall rating is a blend of the multistate MSA and state ratings. Ratings were determined by considering lending, investment, and service activity in proportion to the bank's presence within each AA. When consolidating AA

conclusions into state ratings, communities with a large banking presence received more weight than those with a small banking presence. We applied similar standards when consolidating state and multistate ratings into the overall bank rating.

Data Integrity

NBC public lending information is accurate. Internal processes provide scheduled periodic review of data. Additionally as part of this CRA evaluation, the accuracy and reliability of the bank's 2000 and 2001 publicly filed Home Mortgage Disclosure Act (HMDA) information as well as small business and small farm lending data were reviewed and validated through a sample of loan files and applications.

Community development loans, investments, and services submitted by bank management were verified to ensure that they met the regulatory definition for community development. All items submitted were included in this evaluation as they successfully met the definition and purpose of community development.

Community Contacts

This evaluation considers input received from community members as well as those obtained through other regulatory sources. In total, we conducted or reviewed 19 contacts in seven MSAs throughout areas served by NBC. For additional discussion of information obtained from these contacts, refer to the "Market Profiles for Full-Scope Areas" in Appendix C.

Fair Lending Review

NBC's fair lending program encompasses all lending areas of the bank and provides for comprehensive training and controls. We also analyzed HMDA, small business and small farm lending data as well as public comments and consumer complaint information to establish the scope of our comprehensive fair lending examination. During the examination, we focused on FHA insured home purchase applications submitted by black applicants. We reviewed this product using manual file review techniques. We found no instances of disparate treatment on an illegal basis or violations of the substantive provisions of the anti-discrimination laws and regulations.

General Information and Overall CRA Rating

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 LMI 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 NBC and is issued by the OCC, the institution's supervisory agency, as of December 31, 2001. The agency evaluates performance in AAs, as they are delineated by the institution, rather than individual branches. This AA evaluation may include visits to some 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 25.

Overall CRA Rating

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

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	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending Test is weighted more heavily than the investment and Service Tests when arriving at an overall rating.

Executive Summary

Narrative support for NBC's overall performance rating is detailed below. Additional narrative regarding performance for each multistate MSA and state is in each applicable rating area section. Narrative is supported by numerical tables that reflect data considered during the analysis of NBC's CRA performance. The reader can find those tables in *Appendix D*.

LENDING TEST

- Lending performance is excellent and has positively impacted persons living in or businesses located in LMI geographies as well as persons of different income levels and businesses of different revenue sizes.
- During the evaluation period, NBC originated 13,114 loans that total \$1.3 billion. Of that total, 10,629 were HMDA reportable loans totaling \$977.1 million, 2,298 were small business and farm loans totaling \$237.3 million, and 53 were community development loans totaling \$33.0 million.

NBC consistently demonstrates excellent or good Lending Test results in almost all of its rating areas. The bank's HMDA, small business, and small farm lending distribution among areas of different income levels is adequate, as the percentages of these loan types typically are near to or slightly below the percentages of owner-occupied households, businesses, and farms in LMI geographies. The geographic distribution of HMDA, small business, and small farm loans is strongest in the states of Georgia and Virginia. Rating areas with adequate or better geographic distributions of HMDA, small business, and small farm loans represent almost 97% of the bank's total deposits.

NBC's HMDA, small business, and small farm lending distribution among borrowers of different income levels and among businesses and farms of different revenue sizes is good. Rating areas where the borrower distribution of HMDA, small business, and small farm loans is excellent or good contribute over 99% of bank deposits. The states of Georgia and Tennessee demonstrate excellent performance and reflect the most positive distribution of HMDA, small business, and farm loans among borrowers of different income levels and among businesses and farms of different revenue sizes.

The bank's community development lending enhances its Lending Test performance. In some instances, NBC originated community development loans in greater amounts than expected to achieve excellent performance as performance had a significantly positive impact on Lending Test performance in the Atlanta,

Knoxville, Nashville, and Charleston MSAs. In addition, CD lending was responsive to the needs of the communities the bank serves. The bank's lending within its defined AAs further supports the overall excellent Lending Test performance as a significant majority of its lending occurs within its AAs.

INVESTMENT TEST

- Investment activity reflects an excellent level of responsiveness to the needs of NBC AAs. Many investments serve significant community development needs.

NBC demonstrates excellent Investment Test performance. Rating area Investment Test performance was almost always excellent as rating areas rated Outstanding contributed 93% of franchise deposits. Weaker performance in Georgia, where performance was good, and in West Virginia, where performance was poor, is centered in lower amounts of qualified investments relative to the bank's operations in the rating area. Investment performance in a number of AAs was positively impacted by prior period investments that remain outstanding.

Certain qualified investments provided a significant positive impact in areas served by NBC. For instance, the bank actively invests in low-income housing tax credits in the Memphis multistate MSA, which is directly responsive to local affordable rental housing needs. In addition, the bank provided crucial financial support to the Senior Housing Crime Prevention Foundation. This organization pursues a number of crime prevention initiatives that benefit the LMI elderly population in Tennessee.

SERVICE TEST

- Provision of retail and community development services shows good responsiveness to the banking needs of geographies and individuals of different income levels in its AAs.

NBC demonstrates good Service Test performance. The accessibility of the bank's retail service delivery systems is generally good as the percentage of branches in LMI geographies is typically at least near to the percentage of the population in these areas. However, weaker, but still adequate, performance in the Memphis multistate MSA slightly offsets this positive performance. The bank's record of opening and closing branches did not adversely affect the accessibility of delivery systems, particularly in LMI geographies. The bank's hours and services are typically tailored to the convenience and needs of communities the bank serves as rating areas with excellent performance under this Service Test performance criteria contributed 99% of the bank's deposits. NBC provides an excellent level of community development services as services typically respond to the community

development needs of the communities NBC serves. Rating areas where the bank's provision of community development services is excellent includes 75% of franchise deposits.

Chattanooga (TN-GA) Multistate MSA Rating

CRA rating for the Multistate MSA¹: Satisfactory

The Lending Test is rated: Low Satisfactory
The Investment Test is rated: Outstanding
The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness by NBC to the credit needs of the multistate MSA;
- Adequate geographic and borrower distributions of loans;
- Investment volume that reflects an excellent level of responsiveness to the needs of the multistate MSA; and
- Provision of services that shows an adequate responsiveness to banking needs.

Description of Institution's Operations in Chattanooga (TN-GA)

NBC has a limited presence in the multistate MSA as it is the 13th largest deposit taking institution with a market share of 1.36%. Of the bank's six rating areas, the Chattanooga (TN-GA) multistate MSA is the smallest and accounts for 1.32% of total bank deposits. As of the end of the evaluation period, NBC served the area using three in-store branches. The bank's presence in the market is growing as two of these branches opened during the evaluation period.

Refer to the market profile for the Chattanooga (TN-GA) multistate MSA in Appendix C for detailed demographics and other performance context information.

LENDING TEST

Lending Test performance in the Chattanooga multistate MSA is rated Low Satisfactory. We considered the bank's strategic focus and branching structure in the multistate MSA in determining overall lending performance.

¹ This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

Lending Activity

Lending activity in the Chattanooga multistate MSA is adequate given the bank's recently expanded presence in the multistate MSA. This is based on overall low lending volumes of home mortgage and small business loans. We also considered that the bank does not ordinarily originate multi-family home and small farm loans in this multistate MSA. Refer to Table 1 in the "Multistate Metropolitan Area(s)" section of Appendix D for the facts and data used to evaluate the bank's lending activity.

In 2001, lending market ranks 91 for home purchase, 25 for home improvement and 105 for home refinance loans. These were significantly below the bank's deposit market rank of 13. The bank's small business lending market rank of 31 was also significantly below its deposit market rank. No multi-family home, small farm and community development loans were originated or purchased.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the Chattanooga multistate MSA is adequate. In determining this conclusion, consideration was given to the relatively low volume of home lending opportunities in low- and moderate-income geographies. Refer to Tables 2-7 in the "Multistate Metropolitan Area(s)" section of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The geographic distribution of home purchase loans is adequate. No loans were originated in low-income geographies. The percentage of loans originated in moderate-income geographies is significantly below the percentage of owner occupied units in similar geographies. Market share in moderate-income geographies is significantly below the bank's overall home purchase market share within the MSA.

Home improvement loan geographic distribution is adequate. No loans were originated in low- and moderate-income geographies.

Home refinance loan geographic distribution is adequate. No loans were originated in low-income geographies. The percentage of loans originated in moderate-income geographies is below the percentage of owner occupied units in similar geographies. Market share of loans in moderate-income geographies is well above the overall home refinance market share within the MSA.

Small Loans to Businesses

A meaningful lending analysis could not be performed as no small loans to businesses were originated in low- and moderate-income geographies.

Small Loans to Farms

A meaningful lending analysis could not be performed as no small farm loans were originated in the Chattanooga multistate MSA.

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained lending gaps were identified.

Inside/Outside Ratio

This ratio was not developed for this multistate MSA. Refer to the States of Georgia and Tennessee sections of this Public Evaluation for more information.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans in the Chattanooga multistate MSA is adequate. Refer to Tables 8-12 in the "Multistate Metropolitan Area(s)" section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

Home purchase loan borrower distribution is adequate. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families in the multistate MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share of loans to low-income borrowers is near to the bank's overall home purchase market share in the multistate MSA. The market share of loans to moderate-income borrowers exceeds the bank's overall home purchase market share.

Home improvement loan borrower distribution is excellent. The percentage of loans originated to low-income borrowers exceeds the percentage of low-income families in the multistate MSA. The percentage of loans originated to moderate-income borrowers is near to the percentage of moderate-income families. Market share to low-income borrowers exceeds the bank's overall home improvement lending market share in the multistate MSA. Market share to moderate-income

borrowers is significantly below the bank's overall home improvement market share.

Home refinance loan borrower distribution is adequate. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the multistate MSA. The percentage of loans originated to moderate-income borrowers is below the percentage of moderate-income families. Market share of loans to low-income borrowers is significantly below and to moderate-income borrowers meets the bank's overall home refinance market share in the multistate MSA.

Small Loans to Businesses

The borrower distribution of small loans to businesses is adequate given the bank's recently expanded presence in Chattanooga. The percentage of small loans to businesses is significantly below the percentage of small businesses in the multistate MSA. The bank's market share of small loans to businesses is significantly below its overall small business lending market share. The bank also originated a moderate volume of these loans in amounts less than \$100,000.

Small Loans to Farms

A meaningful lending analysis could not be performed as no small farm loans were originated in the Chattanooga multistate MSA.

Community Development Lending

Community development lending had a neutral impact on lending performance in the Chattanooga multistate MSA. During the evaluation period, the bank did not originate community development loans.

Product Innovation and Flexibility

Flexible loan programs positively impacted Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate income borrowers. Loan terms include amounts between \$500 and \$5,000 and flexible credit and income guidelines. The program was well received as evidenced in home improvement loan volumes to low- and moderate-income borrowers in the Chattanooga multistate MSA.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum

100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

INVESTMENT TEST

Investment Test performance in the Chattanooga multistate MSA is rated Outstanding. NBC made one affordable housing mortgage backed security in the MSA totaling \$402 thousand during 2000 and 2001. As of year-end 2001, there were no prior period investments outstanding. Qualified investment activity is responsive to local LMI needs for affordable housing.

SERVICE TEST

Service Test performance in the Chattanooga multistate MSA is rated Low Satisfactory.

Retail Banking Services

NBC operated only three branches in the Chattanooga multistate MSA during the evaluation period. Two of these branches were in middle-income geographies while the remaining branch was in an upper-income tract. NBC closed no branches and opened two locations during the evaluation period. Hours and services do not vary in a way that inconveniences people living in the Chattanooga multistate MSA.

Community Development Services

NBC provided no community development services during the evaluation period, which is somewhat mitigated by the bank's emerging presence in the Chattanooga multistate MSA.

Refer to Tables 1-13 in the Chattanooga multistate MSA section of Appendix D for the facts and data that support all Test conclusions.

Memphis (TN-AR) Multistate MSA Rating

CRA rating for the Multistate MSA²: Outstanding

The Lending Test is rated: Outstanding
The Investment Test is rated: Outstanding
The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness by NBC to the credit needs of the multistate MSA;
- Adequate distribution of NBC's loans among geographies and excellent distribution among borrowers of different income levels throughout the multistate MSA;
- Community development lending levels that had a positive impact on performance within the multistate MSA;
- Investment volume that reflects an excellent level of responsiveness to the needs of the multistate MSA; and
- Provision of services that shows a good responsiveness to banking needs.

Description of Institution's Operations in Memphis (TN-AR)

NBC has a strong presence in the multistate MSA, as it is the 2nd largest deposit taking institution with a market share of 18.26%. Of the bank's six rating areas, the Memphis (TN-AR) multistate MSA is the largest and accounts for 66.71% of total bank deposits. As of the end of the evaluation period, NBC served the area through a 40-branch network.

Refer to the market profile for the Memphis (TN-AR) multistate MSA in Appendix C for detailed demographics and other performance context information.

² This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

LENDING TEST

Lending Test performance in the Memphis multistate MSA is rated “Outstanding.” We considered the high volume of home mortgage lenders in the multistate in determining our overall conclusion.

Lending Activity

Lending activity in the Memphis multistate MSA is adequate. This is based on adequate home mortgage and small business lending volumes. The bank not does ordinarily originate multi-family home loans in this multistate MSA. Refer to Table 1 in the “Multistate Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the bank’s lending activity.

The bank is among the leading banking institutions in originating home improvement and small farm loans. Lending market ranks, in 2001, of one and two for home improvement and small farm loans are above and meet its deposit market rank of two, respectively. Lending market ranks of 13 and 10 for home purchase and home refinance loans are below its deposit market rank. Small business lending market rank of 12 is below its number two-deposit market rank. Community development lending volume is excellent with over \$13 million originated. No multi-family home mortgage loans were originated or purchased.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the Memphis multistate MSA is adequate. Refer to Tables 2-7 in the “Multistate Metropolitan Area(s)” section of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The geographic distribution of home purchase loans is poor. The percentages of loans originated in low- and in moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies. Market share in low-income geographies is significantly below and in moderate-income geographies is below the bank’s overall market share of home purchase loans within the multistate MSA.

The geographic distribution of home improvement loans is excellent. The percentages of loans originated in low- and in moderate-income geographies exceed the percentages of owner occupied units in similar geographies. Market shares of

loans in both low- and moderate-income geographies exceed the bank's overall home improvement market share within the multistate MSA.

Home refinance loan geographic distribution is poor. The percentages of loans originated in both low- and moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies. Market share in low-income and moderate-income geographies are significantly below the bank's overall home refinance market share within the multistate MSA.

Small Loans to Businesses

The geographic distribution of small loans to businesses is excellent. The percentage distribution of small loans to businesses in both low- and moderate-income geographies exceeds the percentage of businesses in similar geographies. The bank's market share of small loans to businesses in low- and moderate-income geographies also exceeds its overall market share of small business loans in the multistate MSA.

Small Loans to Farms

The geographic distribution of small loans to farms is good. The percentage of loans originated in low-income geographies is significantly below the percentage of farms in similar geographies. In moderate-income geographies, the percentage of loans exceeds the percentage of farms in moderate-income geographies. Market share of small loans to farms in low-income geographies is significantly below and in moderate-income geographies exceeds the bank's overall small farm loan market share in the multistate MSA.

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified.

Inside/Outside Ratio

This ratio was not specifically developed for this multistate MSA. All loans originated in the state of Arkansas are within the defined AA in Arkansas. Refer to the State of Tennessee section of this Public Evaluation for more information.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans in the Memphis multistate MSA is excellent. We considered the high volume of families living below the poverty level

in this multistate MSA in determining our conclusion. Refer to Tables 8-12 in the "Multistate Metropolitan Area(s)" section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The borrower distribution of home purchase loans is excellent. The percentage of loans originated to low-income borrowers is below the percentage of low-income families within the multistate MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market shares of loans to low- and moderate-income borrowers are below the bank's overall home mortgage market share within the multistate MSA.

The borrower distribution of home improvement loans is excellent. The percentages of loans originated to low- and moderate-income borrowers exceed the percentages of low- and moderate-income families within the multistate MSA, respectively. Market shares of loans to low- and to moderate-income borrowers exceed the bank's overall home improvement market share within the multistate MSA.

Home refinance loan borrower distribution is good. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the multistate MSA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share of loans to low-income borrowers is significantly below the bank's overall home refinance market share. Market share to moderate-income borrowers is near to the overall home refinance market share.

Small Loans to Businesses

The borrower distribution of small loans to businesses is good. The percentage of small loans to businesses is below the percentage of small businesses in the multistate MSA. Market share of small loans to businesses exceeds its overall small business loan market share. The bank originated a moderate volume of these loans in amounts less than \$100,000.

Small Loans to Farms

The borrower distribution of small loans to farms is good. The percentage of loans to small farms is near to the percentage of small farms in the multistate MSA. The bank's market share of small loans to farms is also near to its overall small farm loan market share. The bank originates a moderate volume of these loans in smaller amounts.

Community Development Lending

Community development lending had a positive impact on lending performance in the Memphis multistate MSA. Refer to Table 1 in the "Multistate Metropolitan Area(s)" section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending in the Memphis multistate MSA is excellent. During the evaluation period, the bank originated 21 community development loans totaling almost \$14 million. Fifty-three percent of these loans are for affordable housing, which created and/or retained more than 160 low- and moderate-income housing units. Affordable housing was an identified need within the multistate MSA. Thirty-seven percent and ten percent of loans are for community development services and economic development, respectively. Information available indicated up to 12,000 low- and moderate-income individuals could be served through loans originated to community development-related service organizations.

Product Innovation and Flexibility

Flexible loan programs positively impacted Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate income borrowers. Loan terms include loan amounts between \$500 and \$5,000 and flexible credit and income guidelines. The program was well received as evidenced in home improvement loan volumes to low- and moderate-income borrowers in the Memphis multistate MSA.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum 100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

INVESTMENT TEST

Investment Test performance in the Memphis multistate MSA is rated Outstanding. NBC made 60 investments in the MSA totaling \$11.1 million during 2000 and 2001. As of year-end 2001, prior period investments totaled \$5.3 million. Over \$8.0 million of investments made during the evaluation period addressed affordable housing needs and were in the form of low-income housing tax credits or affordable housing mortgage backed securities. The largest single investment totaled \$2.5 million and benefited an organization pursuing community service objectives focused on LMI elderly individuals. NBC also provided 48 grants totaling

\$450 thousand to organizations providing a wide variety of community services to LMI individuals. Qualified investment activity is responsive to local LMI needs for affordable housing as well as educational and training programs.

SERVICE TEST

Service Test performance in the Memphis multistate MSA is rated High Satisfactory.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels. Approximately 3% of the bank's branches are in low-income geographies, which, is significantly below the 15% of the population residing in these tracts. In addition, almost 8% of the bank's branches are in moderate-income geographies, which is significantly below the 23% of the population residing in these areas. However, an additional seven branches, or almost 18% of Memphis multistate branches, are located on the border of middle- or upper-income tracts and low- or moderate-income tracts. Neighborhoods within approximately one mile of these locations are primarily in low- or moderate-income tracts. Additionally, four of these branches are in tracts that have been redesignated as moderate-income tracts based on 2000 census results.

Branch openings and closings in the Memphis multistate MSA have not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies. NBC opened one office in a low-income tract and closed another location in a moderate-income tract. Hours and services are tailored to the convenience and needs of the people living in the Memphis multistate MSA. The bank offers extended and Saturday hours at all branches located in LMI tracts.

Community Development Services

NBC provided an excellent level of community development services to the multistate MSA. The bank served 38 organizations pursuing affordable housing and community services initiatives targeted at LMI areas and individuals. These services consistently addressed community development needs such as technical assistance for organizations providing community development, housing, and financial services to LMI areas or individuals.

Refer to Tables 1-13 in the Memphis multistate MSA section of Appendix D for the facts and data that support all Test conclusions.

State of Georgia Rating

CRA Rating for the State³: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: High Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness by NBC to the credit needs of the state;
- Good distribution of NBC's loans among geographies and excellent distribution among borrowers of different income levels throughout the state;
- Community development lending levels that had a positive impact on performance within the state;
- Investment volume that reflects a good level of responsiveness to the needs of the state; and
- Provision of services that shows a good responsiveness to banking needs.

Description of Institution's Operations in Georgia

NBC is in the early stages of its entry into the state of Georgia. As a result, NBC is only the 54th largest banking financial institution in the Georgia rating area with 0.22% of the market share. Of the bank's six rating areas, Georgia ranks fourth and accounts for 4% of total bank deposits. The Atlanta MSA comprises 58% of bank deposits and 61% of bank lending totals in the state. For purposes of this review, five counties that are not MSAs have been combined under the Georgia Non-MSA. Within the state, NBC operates 12 branch offices.

Refer to the market profiles for the state of Georgia in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

³ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Scope of Evaluation in Georgia

We selected the bank's AA in the Atlanta MSA for a full-scope review. Non-metropolitan Georgia received a limited-scope review. We based ratings for the state of Georgia primarily on the results of our analysis of the Atlanta MSA. Refer to Appendix A for additional information regarding the bank's AAs.

LENDING TEST

Lending Test performance in the state of Georgia is rated High Satisfactory. Based upon a full scope review, overall lending performance in the Atlanta MSA is excellent. However, weaker performance in the limited-scope AA negatively impacted the overall Lending Test performance due to less favorable geographic and borrower lending distributions. Specific to the Atlanta MSA, we considered that the bank entered the greater Atlanta area near the end of our evaluation period.

Lending Activity

Lending activity in the Atlanta MSA is adequate. Refer to Table 1 in the State of Georgia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

In the Atlanta MSA, 2001 lending market ranks of 17 for home improvement loans and 12 for small farm loans exceed the bank's deposit market rank of 28. Lending market ranks of 103 and 346 for home purchase and home refinance loans, respectively, are significantly below its deposit market rank. Small business lending market rank of 42 is below the deposit market rank. Community development lending volume is excellent with over \$2.4 million originated. No multi-family home mortgage loans were originated or purchased.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is good in the Atlanta MSA. Refer to Tables 2-7 in the State of Georgia section of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Prior to the bank's entrance into Fulton County in April 2001, the bank's AA did not contain any low-income geographies.

Home Mortgage Loans

The geographic distribution of home purchase loans is good. The percentage of loans made in low-income geographies is below the percentage of owner occupied units in similar geographies. In moderate-income geographies, the percentage of loans exceeds the percentage of owner occupied units. In addition, the bank's market share in low-income geographies is significantly below and in moderate-income geographies exceeds its overall home purchase market share within the MSA.

The geographic distributions of both home improvement and home refinance loans are similar and are good. The percentages of loans originated in low-income geographies are significantly below the percentages of owner occupied units in similar geographies. In moderate-income geographies, the percentages of loans exceed the percentages of owner occupied units. Market shares are also similar for each loan purpose. The bank's market share in low-income geographies is significantly below and in moderate-income geographies exceeds the bank's overall home improvement and home refinance market shares, respectively, within the MSA.

Small Loans to Businesses

The geographic distribution of small loans to businesses in the Atlanta MSA is good. The percentage of loans in low-income geographies is significantly below the percentage of businesses in similar geographies. In moderate-income geographies, the percentage of loans exceeds the percentage of businesses therein. The bank's market share of small loans to businesses in low-income geographies is significantly below and in moderate-income geographies exceeds its overall market share in the MSA.

Small Loans to Farms

Due to the small volume of small loans to farms in the Atlanta MSA, a geographic distribution analysis was not conducted

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained conspicuous lending gaps were identified.

Inside/Outside Ratio

There is a good volume of loans within the bank's AAs in the state of Georgia. This performance contributed positively into our geographic distribution analysis. Seventy-one percent of home mortgage, 70% of small business and 100% of small farm loans were originated within the defined AAs in Georgia.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans is excellent in the Atlanta MSA. Refer to Tables 8-12 in the State of Georgia section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The borrower distribution of home purchase loans is good. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers significantly exceeds the percentage of moderate-income families. Market shares to low- and moderate-income borrowers exceed the bank's overall home purchase market share within the MSA.

The borrower distribution of home improvement loans is excellent. The percentage of loans originated to low-income borrowers is near to the percentage of similar families within the MSA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share of loans to low- and moderate-income borrowers exceed the bank's overall home improvement market share within the MSA.

Home refinance loan borrower distribution is excellent. The percentage of loans originated to low-income borrowers is near to the percentage of similar borrowers within the MSA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share of loans to low- and moderate-income borrowers exceeds the bank's overall home refinance market share within the MSA.

Small Loans to Businesses

The borrower distribution of small loans to businesses is excellent. The percentage of small loans to businesses exceeds the percentage of small businesses in the MSA. The bank's market share of small loans to businesses exceeds its overall small business loan market share. The bank originated a moderate volume of these loans in amounts less than \$100,000.

Small Loans to Farms

Due to the small volume of small loans to farms, a borrower distribution analysis was not conducted.

Community Development Lending

Community development lending had a positive impact on lending performance in the Atlanta MSA. During the evaluation period, the bank originated three community development loans totaling \$2.4 million. All loans originated were for the creation of affordable housing for low- and moderate-income families within the MSA. Refer to Table 1 in the State of Georgia section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Product Innovation and Flexibility

Flexible loan programs had a positive impact on Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate income borrowers. Loan terms include loan amounts between \$500 and \$5,000 and flexible credit and income guidelines. The program was well received as evidenced in home improvement loan volumes to low- and moderate-income borrowers in the Atlanta MSA and to low-income borrowers in other AAs in the state of Georgia.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum 100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

Conclusions for Areas Receiving Limited-Scope Reviews

Based upon a limited-scope review, the bank's performance under the Lending Test in the Georgia Non-MSA is adequate and weaker than the bank's overall High Satisfactory performance under the Lending Test in Georgia. Weaker performance is centered in less favorable geographic and borrower lending distributions in the Georgia Non-MSA. Refer to the Tables 1-12 in the State of Georgia section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Investment Test performance in Georgia is rated High Satisfactory. Based on a full-scope review, performance in the Atlanta MSA is excellent. However, weaker performance in the limited-scope AA negatively impacted the overall Investment Test performance due to a lower amount of qualified investments relative to the bank's operations in the AA.

Conclusions for Areas Receiving Full-Scope Reviews

NBC made two investments in the Atlanta MSA totaling \$372 thousand during 2000 and 2001. As of year-end 2001, prior period investments totaled \$338 thousand. Both current period investments are in affordable housing mortgage backed securities, which are responsive to LMI needs for affordable housing.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Investment Test performance in the Georgia Non-MSA is poor and weaker than the overall High Satisfactory performance in Georgia. Weaker performance is centered in a lower volume of qualified investments in the Georgia Non-MSA.

SERVICE TEST

Service Test performance in Atlanta is rated High Satisfactory. Based on a full-scope review, performance in the Atlanta MSA is good.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Service delivery systems in the Atlanta MSA are accessible to geographies and individuals of different income levels. NBC has no branches in low-income tracts in the Atlanta MSA where 13% of the MSA population resides in these areas. However, the bank has 57% of its branches in moderate-income tracts, which exceeds the population of 17% living in these areas. Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies. The bank did not open or close any branches in LMI geographies in the Atlanta MSA. Hours and services are tailored to the convenience and needs of the people living in the Atlanta MSA. The bank offers extended and Saturday hours at all branches located in moderate-income tracts.

Community Development Services

NBC provided no community development services during the evaluation period, which is somewhat mitigated by the bank's emerging presence in the MSA. In addition, the bank's strategic emphasis on establishing in-store branches followed later by freestanding locations creates an additional hindrance to community development efforts.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Service Test performance in the Georgia Non-MSA is good and is not inconsistent with the bank's overall High Satisfactory performance in Georgia. Refer to Tables 1-13 in the Georgia section of Appendix D for the facts and data that support all Test conclusions.

State of Tennessee Rating

CRA Rating for the State⁴: Outstanding

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels that reflect good responsiveness by NBC to the credit needs of the state;
- Good distribution of NBC's loans among geographies and borrowers of different income levels throughout the state;
- Community development lending levels that had a positive impact on performance within the state;
- Investment volume that reflects an excellent level of responsiveness to the needs of the state; and
- Provision of services that shows an excellent responsiveness to banking needs.

Description of Institution's Operations in Tennessee

NBC is the sixth largest banking financial institution in the Tennessee rating area with 5.16% of the market share. Of the bank's six rating areas, Tennessee ranks second and accounts for 19.97% of total bank deposits. The Knoxville and Nashville MSAs comprise 91.79% of bank deposits and 96.16% of bank lending totals in Tennessee and are the largest AAs in the state. For purposes of this review, three AAs that are not MSAs have been combined under the Tennessee Non-MSA. Within the state, NBC operates 59 branch offices.

Refer to the market profiles for the state of Tennessee in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

⁴ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Scope of Evaluation in Tennessee

We selected the bank's AAs in the Knoxville and Nashville MSAs for full-scope reviews. The Clarksville-Hopkins MSA and the Tennessee Non-MSA AA received limited-scope reviews. We based ratings for the state of Tennessee primarily on the results of our analysis of the Knoxville and Nashville MSAs. Refer to Appendix A for additional information regarding the bank's AAs.

LENDING TEST

Lending Test performance in the state of Tennessee is rated Outstanding. Based upon full scope reviews, the bank's lending performance in the Knoxville MSA and Nashville MSA is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

Lending Activity

The bank's lending volume in the Knoxville MSA is adequate and good in the Nashville MSA. Refer to Table 1 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank's lending activity.

In the Knoxville MSA, 2001 lending market rank of six for home improvement loans exceed the bank's deposit market rank of seven. Lending market ranks for home purchase, home refinance small business of 26, 21 and 22, respectively, are significantly below the deposit market rank. Small farm lending market rank of 10 is below the deposit market rank. Community development lending volume is excellent with close to \$6 million originated. No multi-family home mortgage loans were originated or purchased.

In the Nashville MSA, 2001 lending market ranks of seven and four for home purchase and home improvement loans respectively exceed the bank's deposit market rank of eight. Small farm lending market rank of ten is near to the deposit market rank, while the lending market rank of 13 for home refinance is below the deposit market rank. Lending market rank of 22 for small business loans is significantly below the deposit market rank. Community development lending volume is excellent with over \$8 million originated. No multi-family home mortgage loans were originated or purchased.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is adequate in the Nashville MSA and good in the Knoxville MSA. Refer to Tables 2-7 in the State of Tennessee section

of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

Knoxville MSA

The geographic distribution of home purchase loans is good. The percentage of loans originated in low-income geographies exceeds the percentage of owner occupied units in similar geographies. In moderate-income geographies, the percentage of loans is below the percentage of owner occupied units. In addition, the bank's market shares in low-income and in moderate-income geographies are below its overall home purchase market share within the Knoxville MSA.

The geographic distribution of home improvement loans is excellent. The percentages of loans made in low- and in moderate-income geographies exceed the percentages of owner occupied units in similar geographies. There is no market share of home improvement loans in low-income geographies. Market share in moderate-income geographies is near to the bank's overall home improvement market share within the Knoxville MSA.

The geographic distribution of home refinance loans is adequate. The percentage of loans originated in low-income geographies is significantly below the percentages of owner occupied units in similar geographies. In moderate-income geographies, the percentage of loans is below the percentage of owner occupied units. The bank's market share in low-income geographies is significantly below and in moderate-income geographies exceeds its overall home refinance market share within the Knoxville MSA.

Nashville MSA

The geographic distribution of home purchase loans is adequate. The percentage of loans made in low-income geographies is significantly below the percentage of owner occupied units in similar geographies. In moderate-income geographies, the percentage of loans is below the percentage of owner occupied units. In addition, the bank's market shares in low-income and in moderate-income geographies are below its overall home purchase market share within the Nashville MSA.

The geographic distribution of home improvement loans is excellent. The percentages of loans originated in low- and in moderate-income geographies exceed the percentages of owner occupied units in similar geographies. Market share of home improvement loans in low-income geographies is below and in moderate-income geographies is significantly below the bank's overall home improvement market share within the Nashville MSA.

The geographic distribution of home refinance loans is poor. The percentages of loans originated in low- and in moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies, respectively. The bank's market share in low-income geographies is significantly below and in moderate-income geographies is significantly below its overall home refinance market share within the Nashville MSA.

Small Loans to Businesses

In the Knoxville MSA, the geographic distribution of small loans to businesses is excellent. The percentage of loans in low-income geographies exceeds the percentage of businesses in similar geographies. In moderate-income geographies, the percentage of loans is near to the percentage of businesses therein. The bank's market share of small loans to businesses in low-income geographies exceeds and in moderate-income geographies is near to its overall market share of small business loans in the Knoxville MSA.

In the Nashville MSA, the geographic distribution of small loans to businesses is adequate. The percentage of loans in low-income geographies is significantly below the percentage of businesses in similar geographies. In moderate-income geographies, the percentage of loans is below the percentage of businesses therein. The bank's market share of small loans to businesses in low-income geographies is below and in moderate-income geographies is near to its overall market share of small business loans in the Nashville MSA.

Small Loans to Farms

Due to the small volume of small loans to farms in both the Knoxville and Nashville MSAs, a geographic distribution analysis was not conducted.

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained conspicuous lending gaps were identified.

Inside/Outside Ratio

There is an excellent volume of loans within the bank's AAs in the state of Tennessee. This performance contributed positively into our geographic distribution analysis. Ninety-two percent of home mortgage, 85% of small business, 89% of small farm loans and 100% of community development loans were originated within the defined AAs in Tennessee.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans is excellent in the Knoxville MSA and good in the Nashville MSA. In the Knoxville MSA, we considered the high volume of families living below the poverty level. Refer to Tables 8-12 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

Knoxville MSA

The borrower distribution of home purchase loans is excellent. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share to low-income borrowers is significantly below and to moderate-income borrowers exceed the bank's overall home purchase market share within the Knoxville MSA.

The borrower distribution of home improvement loans is excellent. The percentages of loans originated to low-income and to moderate-income borrowers exceed the percentages of similar borrowers. Market shares of loans to low- and to moderate-income borrowers are below the bank's overall home improvement market share within the Knoxville MSA.

Home refinance loan borrower distribution is excellent. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market shares of loans to low- and moderate-income borrowers exceed the bank's overall home refinance market share in the Knoxville MSA.

Nashville MSA

The borrower distribution of home purchase loans is good. The percentage of loans originated to low-income borrowers is below the percentage of low-income families. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share to low-income families is near to and to moderate-income borrowers is below the bank's overall home purchase market share within the Nashville MSA.

The borrower distribution of home improvement loans is excellent. The percentages of loans originated to low-income and to moderate-income borrowers

each exceed the percentages of low-income and moderate-income families within the MSA, respectively. Market shares of loans to low- and moderate-income borrowers each exceed the bank's overall home improvement market share within the Nashville MSA.

Home refinance loan borrower distribution is good. The percentage of loans originated to low-income borrowers is below the percentage of low-income families within the MSA. The percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market shares of loans to low- and moderate-income borrowers are near to and exceed the bank's overall home refinance market share within the Nashville MSA, respectively.

Small Loans to Businesses

Borrower distribution conclusions are similar in both the Knoxville and Nashville MSAs. The borrower distributions of small loans to businesses are excellent. The percentages of small loans to businesses are near to the percentages of small businesses in each MSA. Market shares of small loans to businesses exceed the overall small business loan market shares in each MSA, respectively. The bank originated a high volume of these loans in amounts less than \$100,000 in each MSA.

Small Loans to Farms

Due to the small volume of small loans to farms in both the Knoxville and Nashville MSAs, a borrower distribution analysis was not conducted.

Community Development Lending

Community development lending had a significantly positive impact on lending performance in both the Knoxville and Nashville MSAs. Refer to Table 1 in the State of Tennessee section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending in Knoxville is excellent. During the evaluation period, the bank originated eight community development loans totaling close to \$6 million. Approximately 25% of these loans are for affordable housing, which created approximately 30 low- and moderate-income housing units within the MSA. Thirty-eight percent of loans support community development services and 38% support economic development. Information available indicated 170 low- and moderate-income individuals were served through loans originated to community development-related service organizations.

Community development lending in Nashville is excellent. During the evaluation period, the bank originated 11 community development loans totaling over \$8 million. Seventy-five percent of these loans are for affordable housing and created approximately 41 LMI housing units within the MSA. Eight percent and 17% of loans are for community development services and economic development, respectively. Information available indicated about 841 low- and moderate-income individuals were served through loans originated to community development-related service organizations.

Product Innovation and Flexibility

Flexible loan programs positively impacted Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate income borrowers. Loan terms include loan amounts between \$500 and \$5,000 and flexible credit and income guidelines. The program was well received as evidenced in home improvement loan volumes to low- and moderate-income borrowers throughout the bank's AAs in Tennessee.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum 100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

Conclusions for Areas Receiving Limited-Scope Reviews

Based upon limited-scope reviews, the bank's performance under the Lending Test in the Clarksville-Hopkins MSA and the Tennessee Non-MSA are adequate and good, respectively, and weaker than the bank's overall "Outstanding" performance under the Lending Test in Tennessee. In both the Clarksville-Hopkins MSA and Tennessee Non-Metropolitan Areas, weaker performance was due to weaker overall geographic distributions. The overall Lending Test rating was not impacted by weaker performance in the two areas receiving limited-scope reviews because they hold very small percentages of the bank's total deposits in the state. Refer to the Tables 1-12 in the State of Tennessee section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Investment Test performance in Tennessee is rated Outstanding. Based on a full-scope review, performance in the Knoxville and Nashville MSAs is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

Knoxville

NBC made 22 investments in the Knoxville MSA totaling \$1.4 million during 2000 and 2001. As of year-end 2001, prior period investments totaled \$575 thousand. The largest investments in the Knoxville MSA totaled \$838 thousand and consisted of four affordable housing mortgage backed securities. The largest single investment totaled \$400 thousand and benefited an organization pursuing community service objectives focused on LMI elderly individuals. Other investments consisted primarily of contributions to local or regional organizations providing community development, housing, and financial services to LMI areas or individuals. Qualified investment activity is responsive to local affordable housing needs.

Nashville

NBC made 11 investments in the Nashville MSA totaling \$3.5 million during 2000 and 2001. As of year-end 2001, prior period investments totaled \$4.9 million. The largest investments in the Nashville MSA totaled \$3.1 million and consisted of four affordable housing mortgage backed securities. Other investments consisted primarily of contributions and smaller investments in local organizations providing community development service and affordable housing services to LMI areas or individuals. Qualified investment activity is responsive to local affordable housing needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Investment Test performance in the Clarksville-Hopkins MSA and Tennessee Non-MSA is very poor and weaker than its overall Outstanding performance in Tennessee. Weaker performance is centered in a failure to provide any qualified investments in these AAs. Due to the limited scope of the bank's operations in these areas, performance in the limited-scope AAs did not impact the Investment Test rating for Tennessee.

SERVICE TEST

Service Test performance in Tennessee is rated Outstanding. Based on a full-scope review, performance in the Knoxville MSA is excellent while performance in the Nashville MSA is good.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Knoxville

Service delivery systems in the Knoxville MSA are readily accessible to geographies and individuals of different income levels. Approximately 5% of the bank's branches are in low-income geographies, which approximates the population residing in these tracts. The bank has almost 37% of its branches in moderate-income tracts, which exceeds the population of 17% living in these areas. Branch openings and closings have improved the accessibility of the bank's delivery systems, particularly in LMI geographies. The bank closed one branch in a low-income geography while opening another branch in a low-income tract and another two in moderate-income geographies. Hours and services are tailored to the convenience and needs of the people living in the Knoxville MSA. The bank offers extended and Saturday hours at a majority of branches located in LMI tracts.

Nashville

Service delivery systems in the Nashville MSA are readily accessible to geographies and individuals of different income levels. In the MSA, over 3% of the bank's branches are in low-income geographies, which is near to the almost 5% of population residing in these tracts. Almost 23% of the bank's branches are in moderate-income geographies, which exceeds the 19% of the population residing in these areas. Branch opening and closing activity was limited to a single branch opening in a middle-income tract. Hours and services are tailored to the convenience and needs of the people living in the Nashville MSA. The bank offers extended and Saturday hours at all branches located in LMI tracts.

Community Development Services

NBC provided an excellent level of community development services to the Knoxville MSA. The bank served 21 organizations pursuing affordable housing, small business development, and community service initiatives targeted at LMI areas and individuals. These services consistently addressed community development needs such as technical assistance for organizations providing community development, housing, and financial services to LMI areas or individuals.

NBC provided an adequate level of community development services to the Nashville MSA. The bank served five organizations pursuing affordable housing and community service initiatives and worked with local groups providing homebuyer education classes. These services consistently addressed community development needs such as technical assistance for organizations providing

community development, housing, and financial services to LMI areas or individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Service Test performance in the Tennessee Non-MSA is excellent and is not inconsistent with NBC's overall Outstanding performance in Tennessee. Performance in the Clarksville-Hopkins MSA is good and weaker than overall performance in the state due to less accessible retail delivery services to LMI areas. Performance in the Clarksville-Hopkins MSA did not negatively impact the Service Test rating for Tennessee. Refer to Tables 1-13 in the Tennessee section of Appendix D for the facts and data that support all Test conclusions.

State of Virginia Rating

CRA Rating for the State⁵: Outstanding

The Lending Test is rated: Outstanding

The Investment Test is rated: Outstanding

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Lending levels that reflect good responsiveness by NBC to the credit needs of the state;
- Excellent distribution of NBC's loans among geographies and good distribution among borrowers of different income levels throughout the state;
- Community development lending levels that had a positive impact on performance within the state;
- Investment volume that reflects an excellent level of responsiveness to the needs of the state; and
- Provision of services that shows a good responsiveness to banking needs.

Description of Institution's Operations in Virginia

NBC is the 55th largest banking financial institution in the Virginia rating area with 0.25% of the market share. Of the bank's six rating areas, Virginia ranks third and accounts for 5.40% of total bank deposits. The Roanoke MSA comprises 89.86% of bank deposits and 86.65% of bank lending totals in Virginia and is the largest AA in the state. For purposes of this review, two AAs that are not MSAs have been combined under the Virginia Non-MSA. Within the state, NBC operates 17 branch offices.

Refer to the market profiles for the state of Virginia in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

⁵ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Scope of Evaluation in Virginia

We selected the bank's AA in the Roanoke MSA for a full-scope review. Non-metropolitan Virginia received a limited-scope review. We based ratings for the state of Virginia primarily on the results of our analysis of the Roanoke MSA. Refer to Appendix A for additional information regarding the bank's AAs.

LENDING TEST

Lending Test performance in the state of Virginia is rated Outstanding. Based upon a full scope review, the bank's overall lending performance in the Roanoke MSA is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

Lending Activity

The bank's lending volume in the Roanoke MSA is good. Refer to Table 1 in the State of Virginia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

In the Roanoke MSA, 2001 lending market ranks of seven and two for home refinance and home improvement are near to and exceed the bank's 2001-deposit market rank of five, respectively. Lending market rank of 16 for small business and nine for home purchase are significantly below the deposit market rank. Community development lending volume is good with close to \$511 thousand originated. No multi-family home mortgage and small farm loans were originated or purchased in 2001.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans in the Roanoke MSA is excellent. Refer to Tables 2-7 in the State of Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The geographic distribution of home purchase loans is excellent. The percentage of loans originated in low-income geographies is significantly below the percentage of owner occupied units in similar geographies. Fewer opportunities exist for home purchase loans in low-income geographies as 1.6% (less than 1,000) of owner

occupied housing units are located in low-income geographies. In moderate-income geographies, the percentage of loans exceeds the percentage of owner occupied units. The bank's market share in low-income is below and in moderate-income geographies exceed its overall home purchase market share within the Roanoke MSA.

The geographic distribution of home improvement loans is excellent. The percentages of loans made in low- and in moderate-income geographies exceed the percentages of owner occupied units in similar geographies. Market share of home improvement loans in low-income geographies exceeds and in moderate-income geographies is below the bank's overall home improvement market share within the Roanoke MSA.

The geographic distribution of home refinance loans is excellent. The percentages of loans made in low-income and in moderate-income geographies exceed the percentages of owner occupied units in similar geographies. The bank's market share in low-income and in moderate-income geographies exceeds its overall home refinance market share in the Roanoke MSA.

Small Loans to Businesses

The geographic distribution of small loans to businesses in the Roanoke MSA is good. The percentage of loans in low-income geographies is below the percentage of businesses in similar geographies. In moderate-income geographies, the percentage of loans exceeds the percentage of businesses therein. The bank's market share of small loans to businesses in low- and in moderate-income geographies exceeds its market share of small business loans in the Roanoke MSA.

Small Loans to Farms

Due to the small volume of small loans to farms in the Roanoke MSA, a geographic distribution analysis was not conducted.

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained conspicuous lending gaps were identified.

Inside/Outside Ratio

There is a good volume of loans within the bank's AAs in the state of Virginia. This performance contributed positively into our geographic distribution analysis. Eighty-five percent of home mortgage, 64% of small business, 100% of small farm

and 100% of community development loans were originated within the defined AAs in Virginia.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans in the Roanoke MSA is good. Refer to Tables 8 - 12 in the State of Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The borrower distribution of home purchase loans is adequate. The percentage of loans originated to low-income borrowers is significantly below the percent of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market share to low-income borrowers is significantly below and to moderate-income borrowers is near to the bank's overall home purchase market share within the Roanoke MSA.

The borrower distribution of home improvement loans is excellent. The percentages of loans originated to low-and moderate-income borrowers exceed the percentages of similar borrowers within the MSA. Market share of loans to low-income borrowers is significantly below and to moderate-income borrowers is below the bank's overall home improvement market share within the Roanoke MSA.

Home refinance loan borrower distribution is excellent. The percentage of loans originated to low-income borrowers is below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers is near to the percentage of moderate-income families. Market share of loans to low-income families exceeds the bank's overall home refinance market share within the Roanoke MSA. Market share of loans to moderate-income families is below the bank's overall market share.

Small Loans to Businesses

The borrower distribution of small loans to businesses is excellent. The percentage of small loans to businesses meets the percentage of small businesses. Market share of small loans to businesses exceeds its overall small business loan market share within the Roanoke MSA. In addition, the bank originated a high volume of these loans in amounts less than \$100,000.

Small Loans to Farms

Due to the small volume of small loans to farms in the Roanoke MSA, a borrower distribution analysis was not conducted.

Community Development Lending

Community development lending had a positive impact on lending performance in the Roanoke MSA. Refer to Table 1 in the State of Virginia section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending is good. During the evaluation period, the bank originated four community development loans totaling over \$511 thousand. All of these loans support the creation and/or retention of affordable housing units within the Roanoke MSA.

Product Innovation and Flexibility

Flexible loan programs positively impacted Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate income borrowers. Loan terms include loan amounts between \$500 and \$5,000 and flexible credit and income restrictions. The program was well received as evidenced in home improvement loan volumes to low- and moderate-income borrowers in the Roanoke MSA.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum 100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

Conclusions for Areas Receiving Limited-Scope Reviews

Based upon a limited-scope review, the bank's performance under the Lending Test in the Virginia Non-MSA is inconsistent and weaker than the bank's overall "Outstanding" performance under the Lending Test in Virginia. Weaker performance was due to weaker lending activity and weaker geographic and borrower distributions. The overall Lending Test rating was not impacted by weaker performance because this area holds a very small percentage of the bank's total deposits in the state. Refer to the Tables 1-12 in the State of Virginia section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Investment Test performance in Virginia is rated Outstanding. Based on a full-scope review, performance in the Roanoke MSA is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

NBC made 11 investments in the Roanoke MSA totaling \$947 thousand during 2000 and 2001. As of year-end 2001, prior period investments totaled \$505 thousand. The largest investments in the Roanoke MSA totaled \$905 thousand and consisted of three affordable housing mortgage backed securities. Other investments consisted of contributions to local organizations providing community development, housing, and financial services to LMI areas or individuals. Qualified investment activity is responsive to local LMI small business and affordable housing needs.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Investment Test performance in the Virginia Non-MSA is very poor and weaker than its overall Outstanding performance in Virginia. Weaker performance is centered in a failure to provide any qualified investments in this AA. Due to the limited scope of the bank's operations in this area, performance in the limited-scope AA did not impact the Investment Test rating for Virginia.

SERVICE TEST

Service Test performance in Virginia is rated High Satisfactory. Based on a full-scope review, performance in the Roanoke MSA is good.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Service delivery systems in the Roanoke MSA are accessible to geographies and individuals of different income levels. NBC has over 7% of its branches in low-income tracts compared to 3% of the MSA population that reside in these areas. However, the bank has no branches in moderate-income tracts although 13% of the MSA population lives in these tracts. Branch openings and closings have not adversely affected the accessibility of the bank's delivery systems, particularly in LMI geographies. The bank did not open or close any branches in LMI geographies during the evaluation period. Hours and services are tailored to the convenience

and needs of the people living in the Roanoke MSA. The bank offers extended and Saturday hours at all branches located in LMI tracts.

Community Development Services

NBC provided an excellent level of community development services to the Roanoke MSA. The bank served 11 organizations pursuing affordable housing, small business development, and community service initiatives targeted at LMI areas and individuals. These services consistently addressed community development needs such as technical assistance for organizations providing community development, housing, and financial services to LMI areas or individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Service Test performance in the Virginia Non-MSA is good and is not inconsistent with the bank's overall High Satisfactory performance in Virginia. Refer to Tables 1-13 in the Virginia section of Appendix D for the facts and data that support all Test conclusions.

State of West Virginia Rating

CRA Rating for the State⁶: Satisfactory

The Lending Test is rated: High Satisfactory

The Investment Test is rated: Needs to Improve

The Service Test is rated: Outstanding

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness by NBC to the credit needs of the state;
- Overall good distribution of NBC's loans among borrowers of different income levels throughout the state;
- Community development lending levels that had a significantly positive impact on performance within the state;
- Investment volume that reflects a poor level of responsiveness to the needs of the state; and
- Provision of services that shows an excellent responsiveness to banking needs.

Description of Institution's Operations in West Virginia

NBC is the 29th largest banking financial institution in the West Virginia rating area with 0.55% of the market share. Of the bank's six rating areas, West Virginia ranks fifth and accounts for 2.59% of total bank deposits. The Charleston MSA comprises 95.12% of bank deposits and 94.95% of bank lending totals in West Virginia and is the largest AA in the state.

As of the end of the evaluation period, NBC served the Charleston MSA through its nine branch offices. The bank's presence in the market is growing as NBC opened or acquired all of these locations since September of 1999. Within the state, NBC operates ten branch offices.

⁶ For institutions with branches in two or more states in a multistate metropolitan area, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate metropolitan area. Refer to the multistate metropolitan area rating and discussion for the rating and evaluation of the institution's performance in that area.

Refer to the market profiles for the state of West Virginia in Appendix C for detailed demographics and other performance context information for AAs that received full-scope reviews.

Scope of Evaluation in West Virginia

We selected the bank's AA in the Charleston MSA for a full-scope review. The Huntington-Ashland AA received a limited-scope review. We based ratings for the state of West Virginia primarily on the results of our analysis of the Charleston MSA. Refer to Appendix A for additional information regarding the bank's AAs.

LENDING TEST

Lending Test performance in the state of West Virginia is rated High Satisfactory. Based upon a full scope review, the bank's overall lending performance in the Charleston MSA is good.

Conclusions for Areas Receiving Full-Scope Reviews

Lending Activity

The bank's lending volume in the Charleston MSA is adequate. Refer to Table 1 in the State of West Virginia section of Appendix D for the facts and data used to evaluate the bank's lending activity.

In the Charleston MSA, 2001 lending market rank of 12 for home refinance is below the bank's deposit market rank of eight. Home improvement market rank of seven is below the bank's deposit market rank. Lending market ranks of 22 for home purchase and 18 for small business loans are significantly below the bank's deposit market rank. Community development lending volume is excellent with over \$2 million originated. No multi-family home mortgage and small farm loans were originated or purchased in 2001.

Distribution of Loans by Income Level of the Geography

The overall geographic distribution of loans is poor. There is a poor geographic distribution in the Charleston MSA. Refer to Tables 2-7 in the State of West Virginia section of Appendix D for the facts and data used to evaluate the geographic distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The geographic distribution of home purchase loans is poor. The percentages of loans made in low-income and moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies. Few opportunities exist for home purchase loans in low-income areas. There is no market share in low-income geographies. In moderate-income geographies, market share is below its overall home purchase market share within the Charleston MSA.

The geographic distribution of home improvement loans is poor. The percentages of loans made in low- and in moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies. There is no market share in low-income geographies. In moderate-income geographies, market share is significantly below the bank's overall home improvement market share within the Charleston MSA.

The geographic distribution of home refinance loans is poor. The percentages of loans made in low-income and in moderate-income geographies are significantly below the percentages of owner occupied units in similar geographies. There is no market share in low-income geographies. In moderate-income geographies, market share is significantly below its overall home refinance market share in the Charleston MSA.

Small Loans to Businesses

The geographic distribution of small loans to businesses in the Charleston MSA is excellent. The percentage of loans in low-income geographies exceeds the percentage of businesses in similar geographies. In moderate-income geographies, the percentage of loans is near to the percentage of businesses therein. The bank's market shares of small loans to businesses in low- and in moderate-income geographies exceed its overall market share of small business loans in the Charleston MSA.

Small Loans to Farms

Due to the small volume of small loans to farms in the Charleston MSA, a geographic distribution analysis was not conducted.

Lending Gap Analysis

Detailed reports and maps of home mortgage, small business and small farm loans were reviewed to identify lending gaps in the geographic distribution of loans. No unexplained conspicuous gaps were identified within the Charleston MSA.

Inside/Outside Ratio

There is a good volume of loans within the bank's AAs in the state of West Virginia. This performance contributed positively into our geographic distribution analysis. Eighty-six percent of home mortgage, 80% of small business, and 100% of community development loans were originated within the defined AAs in West Virginia.

Distribution of Loans by Income Level of the Borrower

The overall borrower distribution of loans in the Charleston MSA is good. We considered the high volume of families living below the poverty level in this MSA in determining our rating. Refer to Tables 8-12 in the State of West Virginia section of Appendix D for the facts and data used to evaluate the borrower distribution of home mortgage, small business and small farm loan originations and purchases.

Home Mortgage Loans

The borrower distribution of home purchase loans is good. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market shares to low- and to moderate-income borrowers exceed the bank's overall home purchase market share within the Charleston MSA.

The borrower distribution of home improvement loans is good. The percentage of loans originated to low-income borrowers is significantly below the percentage of similar borrowers. The percentage of loans originated to moderate-income borrowers meets the percentage of similar borrowers within the MSA. Market shares of loans to low-income borrowers and to moderate-income borrowers are below the bank's overall home improvement market share within the Charleston MSA.

Home refinance loan borrower distribution is good. The percentage of loans originated to low-income borrowers is significantly below the percentage of low-income families within the MSA. However, the percentage of loans to moderate-income borrowers exceeds the percentage of moderate-income families. Market shares of loans to low-income and to moderate-income borrowers exceed the bank's overall home refinance market share within the Charleston MSA.

Small Loans to Businesses

The borrower distribution of small loans to businesses is excellent. The percentage of small loans to businesses is near to the percentage of small businesses. Market

share of small loans to businesses exceeds its overall small business loan market share within the Charleston MSA. In addition, the bank originated a moderate volume of these loans in amounts less than \$100,000.

Small Loans to Farms

Due to the small volume of small loans to farms in the Charleston MSA, a borrower distribution analysis was not conducted.

Community Development Lending

Community development lending had a positive impact on lending performance. Refer to Table 1 in the State of West Virginia section of Appendix D for the facts and data used to evaluate the bank's level of community development lending.

Community development lending is excellent in the Charleston MSA. The bank originated two community development loans totaling over \$2 million. One loan supported community development services of which approximately 200 individuals served are of low- and moderate-income. The second loan supported the revitalization and/or stabilization of low- and moderate-income areas.

Product Innovation and Flexibility

Flexible loan programs had a positive impact on Lending Test performance. In response to an unmet credit need, the bank created an unsecured home improvement loan product targeted to low- and moderate-income borrowers. Loan terms include loan amounts between \$500 and \$5,000 and flexible credit and income guidelines. The program was well received as evidenced in home improvement loan volumes to moderate-income borrowers in the Charleston MSA.

The bank also offers an affordable mortgage loan program with loan features more flexible than those required by secondary market investor guidelines. The loan product allows for as little as \$500 down payment from any source, a maximum 100% loan to value ratio, a slightly higher total debt to income ratio and alternative credit references.

Conclusions for Areas Receiving Limited-Scope Reviews

Based upon a limited-scope review, the bank's performance under the Lending Test in the Huntington-Ashland MSA is inconsistent and weaker than the bank's overall High Satisfactory performance under the Lending Test in West Virginia. Weaker performance was due to a weaker overall borrower distribution of loans. The Lending Test rating was not impacted by weaker performance because this area holds a very small percentage of the bank's total deposits in the state. Refer to the

Tables 1-12 in the State of West Virginia section of Appendix D for the facts and data that support these conclusions.

INVESTMENT TEST

Investment Test performance in West Virginia is rated Needs to Improve. Based on a full-scope review, performance in the Charleston MSA is poor.

Conclusions for Areas Receiving Full-Scope Reviews

NBC made only 12 qualifying contributions in the MSA totaling \$9 thousand during 2000 and 2001. As of year-end 2001, there were no prior period investments outstanding. Contributions made during the evaluation period benefited a variety of local organizations addressing community development needs such as affordable housing, credit counseling, and home improvement assistance.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Investment Test performance in the Huntington-Ashland MSA is very poor and weaker than its overall Needs to Improve performance in West Virginia. Weaker performance is centered in a failure to provide any qualified investments in this MSA. Due to the limited scope of the bank's operations in this area, performance in the limited-scope MSA did not impact the Investment Test rating for West Virginia.

SERVICE TEST

Service Test performance in West Virginia is rated Outstanding. Based on a full-scope review, performance in the Charleston MSA is excellent.

Conclusions for Areas Receiving Full-Scope Reviews

Retail Banking Services

Service delivery systems in the Charleston MSA are readily accessible to geographies and individuals of different income levels. Although less than one percent of the MSA population resides in low-income tracts, the bank has located over 11% of its branches in these areas. The bank has 22% of its branches in moderate-income tracts, which exceeds the population of 19% living in these areas. Branch opening and closing activity was limited to a single branch opening in an upper-income tract. Hours and services are tailored to the convenience and

needs of the people living in the Charleston MSA. The bank offers extended and Saturday hours a majority of branches located in LMI tracts.

Community Development Services

NBC provided an excellent level of community development services to the Charleston MSA. The bank served 12 organizations pursuing affordable housing, small business development, and community service initiatives targeted at LMI areas and individuals. These services consistently addressed community development needs such as technical assistance for organizations providing community development, housing, and financial services to LMI areas or individuals.

Conclusions for Areas Receiving Limited-Scope Reviews

Based on limited-scope reviews, Service Test performance in the Huntington-Ashland MSA is good and weaker than its overall Outstanding performance due to less accessible retail delivery services to LMI areas. Performance in limited-scope AA did not negatively impact the Service Test rating for West Virginia. Refer to Tables 1-13 in the West Virginia section of Appendix D for the facts and data that support all Test conclusions.

Appendix A: Scope of Evaluation

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").

Time Period Reviewed	Lending (including CD loans), Investment, and Service Tests: (1/01/00 to 12/31/01)		
Financial Institution		Products Reviewed	
National Bank of Commerce (NBC) Memphis, Tennessee		Home purchase, improvement and refinance; Small Business; Small Farm; and Community Development Lending	
Affiliate(s)	Affiliate Relationship	Products Reviewed	
None			
List of Assessment Areas and Type of Examination			
Assessment Area		Type of Exam	Other Information
Chattanooga (TN-GA)	#1560	Full-Scope	Includes only Hamilton (TN) and Catoosa (MS) Counties
Memphis (TN-MS-AR)	#4920	Full-Scope	Includes only Shelby (TN) and Crittenden (AR) Counties
State of Georgia			
Atlanta MSA	#0520	Full-Scope	Includes only Bartow, Cherokee, Forsyth, Fulton, and Gwinnett Counties
State of Tennessee			
Knoxville MSA	#3840	Full-Scope	Includes only Anderson, Blount and Knox Counties
Nashville MSA	#5360	Full-Scope	Includes Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, and Wilson Counties
Tennessee Non-metropolitan Areas		Limited-Scope	Includes Hamblen, Monroe and Lawrence Counties

State of Virginia			
Roanoke MSA	#6800	Full-Scope	Includes Botetourt and Roanoke Counties as well as Roanoke and Salem Cities
Virginia Non-metropolitan Areas		Limited-Scope	Includes Franklin and Montgomery Counties
State of West Virginia			
Charleston MSA	#1480	Full-Scope	Includes Kanawha and Putnam Counties
Huntington-Ashland MSA	#3400	Limited-Scope	Includes Cabell County only

Appendix B: Summary of Multistate Metropolitan Area and State Ratings

RATINGS		National Bank of Commerce		
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/Multistate Rating
BANK NAME	Outstanding	Outstanding	High Satisfactory	Outstanding
Multistate Metropolitan Area or State:				
Chattanooga (TN-GA)	Low Satisfactory	Outstanding	Low Satisfactory	Satisfactory
Memphis (TN-AR)	Outstanding	Outstanding	High Satisfactory	Outstanding
Georgia	High Satisfactory	High Satisfactory	High Satisfactory	Satisfactory
Tennessee	Outstanding	Outstanding	Outstanding	Outstanding
Virginia	Outstanding	Outstanding	High Satisfactory	Outstanding
West Virginia	High Satisfactory	Needs to Improve	Outstanding	Satisfactory

(*) The Lending Test is weighted more heavily than the investment and Service Tests in the overall rating.

Appendix C: Market Profiles for Full-Scope Areas

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Market Profiles for Areas Receiving Full-Scope Reviews

Chattanooga (TN-GA) Multistate MSA	C-2
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State of Tennessee	C-8
State of Virginia.....	C-10
State of West Virginia	C-12

Chattanooga Multistate MSA

Demographic Information for Full-Scope Area: Chattanooga						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	79	10.13	18.99	49.37	17.72	3.80
Population by Geography	328,000	5.74	10.64	60.45	23.18	0.00
Owner-Occupied Housing by Geography	83,591	2.45	7.45	63.79	26.31	0.00
Businesses by Geography	22,883	10.35	12.60	58.14	18.90	0.00
Farms by Geography	409	2.44	3.18	64.79	29.58	0.00
Family Distribution by Income Level	91,298	19.64	16.92	21.64	41.80	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	33,378	11.18	15.97	60.75	12.10	0.00
Median Family Income	= \$30,637	Median Housing Value		= \$60,567		
HUD Adjusted Median Family Income for 2001	= \$49,300	Unemployment Rate		= 2.88%		
Households Below the Poverty Level	= 13.77%					

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of a portion of the Chattanooga multistate MSA, which includes Hamilton County, Tennessee and Catoosa County, Georgia and excludes Marion County, Tennessee as well as Dade and Walker Counties, Georgia. NBC has three in-store branches in the area, two of which opened in June of 2000 and October of 2001. NBC provides a full range of deposit products to the AA; however, the lack of a resident lending staff in the in-store locations complicates delivery of many loan products. Due to a strategic emphasis of in-store locations and a resulting contract with the host retailer, the distribution of the bank's retail delivery systems is restricted to the delivery channel established by the retailer.

As of June 30, 2001, deposits in the AA totaled \$59 million, or 1.36% of total franchise deposits. NBC is the 13th largest deposit holder in the AA with a market share of 1.16%. The bank's primary competitors in the market are SunTrust Bank (STB) and Bank of America, N.A. (BofA). STB is the largest deposit holder in the AA with a 26.40 % market share and BofA is the fifth largest deposit holder with a 3.61% market share. For mortgage lending, Wachovia Mortgage is a primary source of competition for the bank. Wachovia Mortgage is the 36th most active HMDA lender with a market share of 0.73% compared to NBC's market rank and share of 96 and 0.16%, respectively. During 2001, there were 311 lenders who originated HMDA loans in the Chattanooga multistate MSA.

Unemployment in the area has declined since a year-end 1999 level of 3.5%. The retail, service and manufacturing sectors provide almost 60% of the jobs to the

local economy. Chattanooga is home to healthcare providers and insurers such as Erlanger Health System and BlueCross and BlueShield of Tennessee. UT-Chattanooga and the Tennessee Valley Authority are also located in the area and are an important source of employment.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Homebuyer education,
- Small business owner assistance/lending,
- Community services,
- Adequate and affordable housing,
- New business to the area, and
- Venture capital for new businesses.

Based on information obtained from the above sources, there is a high level of community development opportunities for participation in and leadership by local banks.

Memphis Multistate MSA

Demographic Information for Full-Scope Area: Memphis						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	197	22.84	23.35	22.84	27.41	3.55
Population by Geography	876,269	14.97	23.01	28.22	33.28	0.52
Owner-Occupied Housing by Geography	190,931	8.67	19.55	29.90	41.87	0.00
Businesses by Geography	47,305	9.88	12.25	25.96	51.49	0.41
Farms by Geography	930	3.33	14.30	28.92	53.12	0.32
Family Distribution by Income Level	226,861	23.68	15.70	19.62	41.00	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	89,333	27.59	31.64	27.68	13.09	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$31,990 = \$ 56,300 = 17.62%			Median Housing Value Unemployment Rate	= \$69,730 = 3.61%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of a portion of the Memphis multistate MSA, which includes Crittenden County, Arkansas, and Shelby County, Tennessee and excludes De Soto County, Mississippi as well as Fayette and Tipton Counties, Tennessee. NBC provides a full range of loan and deposit products to the AA throughout its 40-branch network.

As of June 30, 2001, deposits in the Memphis multistate MSA totaled \$3 billion, or 66.71% of total franchise deposits. NBC is the second largest deposit holder in the area with a market share of 18.26%. The bank's primary competitors in the market are First Tennessee Bank, N.A. (FTB) and Union Planters Bank, N.A. (UPB). FTB is the largest deposit holder in the area with a 40.21% market share and UPB is the third largest deposit holder with a 13.65% market share. For mortgage lending, First Trust Bank for Savings (FTBS) is a primary source of competition for the bank. FTBS is the eighth most active HMDA lender with a market share of 3.19% compared to NBC's market rank and share of sixth and 3.25%, respectively. During 2001, there were 396 lenders who originated HMDA loans in the AA.

Unemployment has consistently increased for the entire MSA as the year-end rates for 1999, 2000, and 2001 were 3.6%, 3.9%, and 4.2%, respectively. The retail trade, wholesale trade, transportation and warehousing, service and manufacturing sectors provide 73% of the jobs to the local economy. Major employers include FedEx as well as the Federal, State, and local government.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Lines of credit to non-profit organizations,
- Low interest loans for working capital,
- Credit to small, minority and women owned businesses,
- Funding for LMI affordable housing,
- Non-traditional financing, i.e. mini-loan programs,
- Budget and credit counseling,
- Educational or training programs, and
- Home improvement financing.

Based on information obtained from the above sources, there is a high level of community development opportunities for participation in and leadership by local banks.

State of Georgia Atlanta MSA

Demographic Information for Full-Scope Area: Atlanta						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	226	23.89	19.47	28.32	27.43	0.88
Population by Geography	1,192,059	12.97	17.12	36.85	33.06	0.00
Owner-Occupied Housing by Geography	267,406	5.79	14.89	37.91	41.41	0.00
Businesses by Geography	152,806	5.66	11.07	37.57	45.70	0.00
Farms by Geography	2,176	1.75	9.60	50.69	37.96	0.00
Family Distribution by Income Level	308,817	21.52	16.74	21.80	39.95	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	118,138	24.34	25.89	35.11	14.67	0.00
Median Family Income	= \$ 41,047	Median Housing Value		= \$ 109,659		
HUD Adjusted Median Family Income for 2001	= \$ 66,500	Unemployment Rate		= 2.94%		
Households Below the Poverty Level	= 12.08%					

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of a portion of the Atlanta MSA, which includes Bartow, Cherokee, Forsyth, Fulton, and Gwinnett Counties and excludes Barrow, Carroll, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Henry, Newton, Paulding, Pickens, Rockdale, Spaulding, and Watkins Counties. NBC provides a full range of loan and deposit products to the AA throughout its seven-branch network. This network consists of five in-store branches and two free-standing branches.

Two of the seven branches were open for only the last seven months of the evaluation period as the bank added an additional branch in Gwinnett County and opened its first Fulton County branch. The entrance into Fulton County added greater income diversity to the bank's AA as previously there were no low-income census tracts in NBC's defined AA. The additional Gwinnett location further boosted the bank's presence in areas that are closest to downtown Atlanta. NBC's expansion strategy focuses on developing its in-store branch network in partnership with large national retailers operating in the AA. As a result, the distribution of the bank's retail delivery systems is significantly influenced by the individual distribution strategies employed by each of NBC's strategic partners.

As of June 30, 2001, deposits in the Atlanta MSA totaled \$105 million, or 2.34% of total franchise deposits. NBC is the 28th largest deposit holder in the area with a market share of 0.29%. The bank's primary competitors in the market are Bank of America, N.A. (BoFA), SunTrust Bank (STB), and Wachovia Bank, N.A. (WB). STB

is the largest deposit holder in the Atlanta MSA with an 18.68% market share, WB is the second largest deposit holder with a 16.09% market share and BofA is the third largest deposit holder with a 15.71% market share.

Unemployment in the Atlanta MSA generally remained steady around 3.0% during the evaluation period. The construction, manufacturing, retail trade, wholesale trade, and service sectors provide 67% of the jobs to the local economy. Hartsfield International Airport is a significant local employer.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Affordable housing,
- Support services,
- Consumer credit education,
- Home improvement funding, and
- Small business credit.

Based on information obtained from the above sources, there is a high level of community development opportunities for participation in and leadership by local banks based on AA designation existing at the end of the evaluation period. However, community development opportunities were more limited prior to the bank's entry into Fulton County and opening of an additional Gwinnett County location.

State of Tennessee Knoxville MSA

Demographic Information for Full-Scope Area: Knoxville						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	116	8.62	23.28	44.83	20.69	2.59
Population by Geography	489,968	5.44	16.60	50.31	27.55	0.10
Owner-Occupied Housing by Geography	129,756	1.27	14.18	54.00	30.55	0.00
Businesses by Geography	34,339	7.62	18.54	39.09	34.72	0.04
Farms by Geography	835	2.87	12.10	5.53	31.50	0.00
Family Distribution by Income Level	136,754	19.98	16.93	21.52	41.58	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	50,471	6.55	25.82	53.24	14.39	0.00
Median Family Income	= \$30,967	Median Housing Value		= \$62,629		
HUD Adjusted Median Family Income for 2001	= \$51,300	Unemployment Rate		= 2.98%		
Households Below the Poverty Level	= 14.77%					

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of a portion of the Knoxville MSA, which includes Anderson, Blount, and Knox counties and excludes Loudon, Sevier, and Union counties. NBC provides a full range of loan and deposit products to the area throughout its 19-branch network. The bank opened five of these facilities during the last 13 months of the evaluation period.

As of June 30, 2001, deposits in the Knoxville MSA totaled \$243 million, or 5.38% of total franchise deposits. NBC is the seventh largest deposit holder in the area with a market share of 3.54%. The bank's primary competitors in the market are First Tennessee Bank, N.A. (FTB), AmSouth Bank (ASB), SunTrust Bank (STB), and Union Planters Bank, N.A. (UPB). FTB, ASB, STB, and UP are the top four deposit taking institutions with market shares of 23.78%, 19.04%, 14.23%, and 4.14%, respectively. NBC is the 23rd most active HMDA lender in the Knoxville MSA with a 1.40% market share.

Unemployment in the Knoxville MSA has declined steadily since January of 2001 when the rate was around 4.0%. The unemployment rate as of the end of the evaluation period also represents a modest decline from 1999 and 2000 rates of 3.3% and 3.0%, respectively. The healthcare industry is the primary source of jobs in Knoxville and includes large entities such as Covenant Health Alliance, and University of Tennessee Medical Center. The construction, manufacturing, retail

trade, wholesale trade and service sectors provide almost 68% of the jobs to the local economy.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Venture capital for new businesses,
- Affordable housing (rental and owner occupied),
- Educational programs on home ownership, and
- Home rehabilitation financing for both rental and owner occupied housing.

Based on information obtained from the above sources, there is a low level of community development opportunities for participation in and leadership by local banks.

State of Tennessee Nashville MSA

Demographic Information for Full-Scope Area: Nashville						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	206	8.25	22.82	50.00	17.48	1.46
Population by Geography	985,026	4.85	18.93	55.68	20.54	0.00
Owner-Occupied Housing by Geography	237,606	1.79	16.01	57.68	24.52	0.00
Businesses by Geography	78,910	4.23	21.58	48.40	25.37	0.43
Farms by Geography	1,904	0.95	18.33	59.72	20.90	0.11
Family Distribution by Income Level	266,208	19.92	17.60	24.09	38.38	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	99,892	8.54	28.22	54.27	8.97	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$35,797 = \$ 60,700 = 11.96%	Median Housing Value Unemployment Rate (1990 US Census)		= \$80,287 = 2.59%		

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of the entire Nashville MSA, which is comprised of Cheatham, Davidson, Dickson, Robertson, Rutherford, Sumner, Williamson, and Wilson Counties. NBC provides a full range of loan and deposit products to the Nashville MSA through its 31-branch network.

As of June 30, 2001, deposits in the Nashville MSA totaled \$585 million, or 12.95% of total franchise deposits. NBC is the seventh largest deposit holder in the area with a market share of 3.54%. The bank's primary competitors in the market are AmSouth Bank (ASB), SunTrust Bank (STB), Regions Bank (RB), and Union Planters Bank, N.A. (UPB). ASB and STB are the top two deposit holders in the area with market shares of 19.79% and 17.12%, respectively. Meanwhile, RB and UPB are the fourth and ninth largest deposit holders with market shares of 6.26% and 2.88%, respectively. For mortgage lending, First Trust Bank for Savings (FTBS) is a primary source of competition for the bank. FTBS is the 21st most active HMDA lender with a market share of 1.50% compared to NBC's market rank and share of tenth and 2.62%, respectively. During 2001, there were 454 lenders who originated HMDA loans in the Nashville MSA.

Unemployment in the Nashville MSA has typically been low as rates for year-end 1999 and 2000 were 2.7% and 2.9%, respectively. The retail trade, services, construction and manufacturing sectors provide almost 61% of the jobs to the local economy. Columbia/HCA corporate headquarters is located in Nashville.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Affordable housing,
- Home ownership counseling,
- Credit education,
- Housing rehabilitation loans,
- Home improvement loans,
- Low interest rate first mortgages,
- Low cost loan fund,
- Small businesses credit needs, and
- Low-cost checking accounts.

Based on information obtained from the above sources, there is a moderate level of community development opportunities for participation in and leadership by local banks.

State of Virginia Roanoke MSA

Demographic Information for Full-Scope Area: Roanoke						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	52	5.77	15.38	48.08	21.15	9.62
Population by Geography	224,477	3.43	13.14	55.95	27.48	0.00
Owner-Occupied Housing by Geography	60,722	1.65	9.46	58.00	30.89	0.00
Businesses by Geography	14,237	10.40	8.77	52.84	27.99	0.00
Farms by Geography	306	0.98	7.19	53.92	37.91	0.00
Family Distribution by Income Level	62,450	18.62	18.41	24.80	38.16	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	23,129	5.70	20.40	56.57	17.32	0.00
Median Family Income	= \$34,942	Median Housing Value		= \$68,166		
HUD Adjusted Median Family Income for 2001	= \$ 52,900	Unemployment Rate		= 1.93%		
Households Below the Poverty Level	= 10.45%					

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of the entire Roanoke MSA, which is comprised of Botetourt and Roanoke Counties as well as Roanoke and Salem Cities. NBC provides a full range of loan and deposit products to the Roanoke MSA through its 14-branch network.

As of June 30, 2001, deposits in the Roanoke MSA totaled \$219 million, or 4.85% of total franchise deposits. NBC is the sixth largest deposit holder in the area with a market share of 6.02%. The bank's primary competitors in the market are Bank of America, N.A. (BoFA), Salem Bank and Trust (SB&T), and Branch Banking and Trust (BB&T). BoFA, SB&T, and BB&T are the third, seventh, and ninth largest deposit holders in the area with market shares of 9.24%, 5.70%, and 3.99%, respectively. Among the 251 lenders originating HMDA loans in the Roanoke MSA during 2001, NBC was the fifth most active lender with a market share of 3.45%.

Unemployment in the Roanoke MSA has typically been low as rates for year-end 1999 and 2000 were 1.9% and 1.5%, respectively. The construction, manufacturing, retail trade and services sectors provide 58% of the jobs to the local economy.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Emergency shelter for LMI homeless,
- Transitional housing,
- Affordable housing,
- Small business credit, and
- Micro-grants for start up business.

Based on information obtained from the above sources, there is a low level of community development opportunities for participation in and leadership by local banks.

State of West Virginia Charleston MSA

Demographic Information for Full-Scope Area: Charleston, WV						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	61	1.64	21.31	55.74	21.31	0.00
Population by Geography	250,454	0.82	19.09	57.57	22.51	0.00
Owner-Occupied Housing by Geography	71,089	0.14	17.47	57.99	24.40	0.00
Businesses by Geography	15,649	13.68	17.18	46.16	22.98	0.00
Farms by Geography	239	0.84	17.15	61.09	20.92	0.00
Family Distribution by Income Level	71,638	21.16	18.37	21.00	39.47	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	28,321	0.71	26.12	59.53	13.64	0.00
Median Family Income HUD Adjusted Median Family Income for 2001 Households Below the Poverty Level	= \$30,296 = \$44,100 = 14.57%	Median Housing Value Unemployment Rate				= \$58,052 = 3.2%

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 1990 U.S. Census, and 2001 HUD updated MFI.

The NBC AA consists of the entire Charleston MSA, which is comprised of Kanawha and Putnam Counties. NBC provides a full range of loan and deposit products to the area through its nine-branch network.

As of June 30, 2001, deposits in the Charleston MSA totaled \$111 million, or 2.47% of total franchise deposits. NBC is the eighth largest deposit holder in the area with a market share of 2.96%. The bank's primary competitors in the market are Bank One, West Virginia, N.A. (BO), United National Bank (UNB) and City National Bank of West Virginia (CNB). BO, UNB, and CNB are the second, third, and fifth largest deposit holders in the area with market shares of 11.84%, 11.44% and 9.49%, respectively. Among the 195 lenders originating HMDA loans in the AA during 2001, NBC was the 12th most active lender with a market share of 2.03%.

The current unemployment level in the Charleston MSA represents a significant decline from rates for year-end 1999 and 2000 that were 4.7% and 4.3%, respectively. Charleston's manufacturing, retail trade, financial and service sectors account for 59% of the jobs in the AA. Bell Atlantic, DuPont, Columbia Gas and Charleston Area Medical Center are the major local employers.

Information was obtained from community contacts conducted by various bank regulatory agencies. The following needs of LMI individuals or areas were identified during these community contacts:

- Affordable housing,
- Better employment opportunities,
- Home improvement loans,
- Credit counseling, and
- Flexible loan programs.

Based on information obtained from the above sources, there is a moderate level of community development opportunities for participation in and leadership by local banks.

Appendix D: Tables of Performance Data

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Tables of Performance Data

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Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of 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/AA. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

The following is a listing and brief description of the tables included in each set:

- 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/AA. Community development loans to statewide or regional entities or made outside the bank's AA may receive positive CRA consideration. Refer to Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MSA/Assessment Area column and record the corresponding numbers and amounts in the "Community Development Loans" column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank, if applicable, over the evaluation period by MSA/AA. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- 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 Home Mortgage Refinance Loans** - See Table 2.

- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units 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 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. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 7. 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. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's AA.
- Table 8. 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/AA. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Home Mortgage Refinance Loans** - See Table 8.
- Table 11. 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 12. 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 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) – NBC did not elect to provide consumer lending data for consideration in this Evaluation. Therefore, these tables are not included among the Tables of Performance Data.

Table 14. 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.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's AA. See Interagency Q&As __.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MSA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

Table 15. 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 11. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES									
STATE: TENNESSEE					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2001				
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
Full-Scope Review::									
Knoxville	260	20.39	75.08	68.46	78.08	13.08	8.85	1.01	1.49
Nashville	960	75.29	70.58	64.69	80.52	11.46	8.02	1.14	1.54
Limited-Scope Review:									
Clarksville-Hopkins (TN Only)	5	0.39	79.04	100.00	80.00	20.00	0.00	0.15	0.23
Tennessee Non-MSA	50	3.92	77.02	82.00	88.00	12.00	0.00	1.35	2.12

* Based on 2001 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 - 2002).
 **** 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 1.41% of small loans to businesses originated and purchased by the bank.

