

PUBLIC DISCLOSURE

OCTOBER 7, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

AmSouth Bank of Tennessee

Chattanooga, Tennessee

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

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of AmSouth Bank of Tennessee, Chattanooga, Tennessee, by the Federal Reserve Bank of Atlanta, the institution's supervisory agency.

This evaluation represents the agency's current assessment and rating of the institution's CRA performance based on an examination conducted as of October 7, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

The purpose of the Community Reinvestment Act of 1977, (12 U.S.C. 2901), as amended, is to encourage each financial institution to help meet the credit needs of the communities in which it operates. The Act requires that in connection with its examination of a financial institution, each federal financial supervisory agency shall (1) assess the institution's record of helping to meet the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution, and (2) take the record of performance into account when deciding whether to approve an application of the institution for a deposit facility.

The Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, amended the CRA to require the agencies to make public certain portions of their CRA performance assessments of financial institutions.

Basis for the Rating

The assessment of the institution's record takes into account its financial capacity and size, legal impediments and local economic conditions and demographics, including the competitive environment in which it operates. Assessing the CRA performance is a process that does not rely on absolute standards. Institutions are not required to adopt specific activities, nor to offer specific types or amounts of credit. Each institution has considerable flexibility in determining how it can best help to meet the credit needs of its entire community. In that light, evaluations are based on a review of 12 assessment factors, which are grouped together under 5 performance categories, as detailed in the following section of this evaluation.

ASSIGNMENT OF RATING

Identification of Ratings

In connection with the assessment of each insured depository institution's CRA performance, a rating is assigned from the following groups:

Outstanding record of meeting community credit needs.

An institution in this group has an outstanding record of, and is a leader in, ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Satisfactory record of meeting community credit needs.

An institution in this group has a satisfactory record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Needs to improve record of meeting community credit needs.

An institution in this group needs to improve its overall record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Substantial noncompliance in meeting community credit needs.

An institution in this group has a substantially deficient record of ascertaining and helping to meet the credit needs of its entire delineated community, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Institution's Rating:

This institution is rated Satisfactory, based on the findings presented in the following discussion of the institution's performance.

DISCUSSION OF INSTITUTION'S PERFORMANCE

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

Activities conducted by the institution to ascertain the credit needs of its community, including the extent of the institution's efforts to communicate with members of its community regarding the credit services being provided by the institution.

AmSouth Bank of Tennessee ascertains the credit needs of its community and communicates the credit services it offers through an established call program. The call program was developed to ensure that local community needs are continually met, especially those of low- and moderate-income individuals. Monthly calling goals have been set by the bank for mortgage originators, business bankers, and branch managers. Regular contacts are made with local government agencies and community groups working to provide affordable housing or revitalize neighborhoods, community development agencies, realtors, builders, developers, civic and religious leaders, and small and minority-owned businesses.

Bank directors, officers, and employees participate as members, directors, and chairpersons of various housing, civic, business, and community organizations. These organizations include the Chattanooga Neighborhood Enterprise, Inc.; Inner City Development Corporation; Chattanooga Resource Foundation; Habitat For Humanity; Cleveland-Bradley Economic Development Council; Cleveland Incubator Board; Business Network International; the local chambers of commerce; and other community-related groups.

The bank encourages quarterly luncheons as a community service network. The bank solicits government or school officials, economic development and community organizations, and small business professionals from low- and moderate-income neighborhoods to attend the luncheons. The purpose of these meetings is to identify community activities and needs as well as to promote goodwill.

Feedback from calls and other special outreach efforts are sent to the community affairs officer, who then presents these efforts to the bank's Community Affairs Committee. This committee meets quarterly and consists of the president, the chairman of the board, the compliance officer, and the senior vice presidents of commercial real estate and residential lending. The Community Affairs Committee then reports to the board of directors. Board minutes have shown that reports have been given by the Community Affairs Committee regularly.

The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act (CRA).

Primary responsibility for monitoring CRA compliance efforts is assigned to the Audit, Compliance, and Public Policy Committees of the board of directors of the bank's holding company, AmSouth Bancorporation, Birmingham, Alabama; however, it is the responsibility of the board of directors of each AmSouth bank

DISCUSSION OF INSTITUTION'S PERFORMANCE(CONTINUED)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)

affiliate to establish CRA policy and review the performance of its management. Each city president is responsible for developing an annual CRA action plan and providing regular activity reports to the community affairs officer. The CRA action plan sets forth objectives including credit needs, ascertainment efforts to raise awareness of credit and banking services, local community development and investment, and efforts directed towards public-private partnerships. The bank's directors have made efforts to ensure compliance with the technical requirements of CRA. The board reviews and adopts the CRA Statement annually. The most recent statement was approved on March 22, 1996. The board has expanded the CRA Statement to summarize the bank's policies, programs, and performance. A description of credit-related marketing efforts, special lending programs, development projects, and other activities involving the bank are also included in the CRA Statement.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

The extent of the institution's marketing and special credit-related programs to make members of the community aware of the credit services offered by the institution.

AmSouth Bank of Tennessee uses various types of media to advertise its products and services to the community. Many of these media reach a broad spectrum of the community. Most of the bank's marketing strategies are coordinated through the holding company, AmSouth Bancorporation. The local marketing department ensures that the bank's products and services are advertised in targeted minority and general circulation media. Specifically, the bank holding company targets its marketing by placing advertisements in publications such as the African-American Community Business News in Chattanooga, The Informer in Cleveland, and the Nashville Pride. AmSouth Bank of Tennessee has placed an advertisement in the Nashville Black Yellow Pages. The holding company has used two minority radio stations, WJTT in Chattanooga and WLAC in Nashville, in various advertising campaigns.

These efforts are supplemented by corporate advertising on major network affiliate stations including WTVC, WDEF, and WRCB, which cover the Chattanooga region. The holding company has placed radio advertising on WSIX, WYHY, WKDF, WGFX, WSM-AM, WWTN-FM, WJXA, WJCE, WQKQ-FM, WLAC, WJTT-FM, WLMX, WZST, WUSY-FM, WSKZ-FM, WDEF-FM, and WOGT-FM, which collectively cover all locations and demographic groups served by the bank in Tennessee.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The bank advertises in three major daily newspapers. The Chattanooga Free Press, which has a circulation of 41,152 daily and 111,188 on Sundays, reaches all segments of the Chattanooga market. The Chattanooga Times, with a daily circulation of 40,841, also serves the Chattanooga market. The Nashville Banner and The Tennessean, which a combined daily circulation of 440,000 and 468,000 on Sundays, reach all of the Nashville market.

In addition to the major newspapers, the bank advertises in the following newspapers, newsletters, and magazines:

Chattanooga Courier

Gallatin News Examiner

Green Hills News

Dayton Herald News

Nashville Business Journal

Homes and Land of Chattanooga

Nashville Real Estate Book

The Exchange

Henderson Star News

Elk Valley Times

Nashville News Beacon

Cleveland Banner

Nashville Homes Magazine

Metropolitan Times

In cooperation with its holding company in Birmingham, Alabama, the bank developed four multipackage promotional campaigns during 1995. Advertisements were placed in major community newspapers, on various radio stations, and on television. The "Opportunity Knocks" mortgage campaign was promoted from April 1 through July 30, 1995. Advertisements were placed in the The Chattanooga Free Press, The Chattanooga Times, The Nashville Banner and The Tennessean, and This Week in Nashville Real Estate. No radio advertisements were used, although local realtors were contacted as part of the marketing strategy. Promotions for the Business Banking Flexline ran from April 30 through June 30, 1995, and September 24 through October 30, 1995. This product campaign focused on AmSouth Bank as a small business specialist, committed to doing whatever it takes to build quality relationships with small businesses. Advertisements were placed in the Nashville Business Journal, Chattanooga Free Press, Cleveland Banner, Gallatin News Examiner, and Elk Valley Times. The bank's Home Equity Line of Credit (HELOC) EssentialLine was marketed in Chattanooga from May 14 through June 25, 1995, primarily through a direct mail campaign. The HELOC EssentialLine promoted no closing costs or origination fees, a prime rate, and no annual fee. The bank used the following newspapers: Chattanooga Free Press, Dayton Herald, Cleveland Banner, and Chattanooga Courier. Radio stations WUSY, WSKZ, WDEF, WJTT, WLMX, WOGT, WGOW, and WDOD were also used. From September 11 through November 12, 1995, the bank initiated a loan and deposit campaign that also used the local newspapers and radio stations.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

During the first and second quarters of 1996, the bank promoted its low-cost Consumer Essentia Line, home improvement loans, and other AmSouth services. Media promotions ran from January 21 through the week of April 21, and February 25 through the week of May 21, 1996. This campaign used local radio stations, television stations, and newspapers. Also during 1996, a major advertising campaign focused on mortgage loan originations. The purpose of this campaign was to attract consumers who may be interested in AmSouth Bank as their mortgage provider. The media used included local daily and Sunday newspapers, and local home listing publications such as Homes and Land of Chattanooga, Nashville Homes Magazine, and Nashville Real Estate Book. From September through November 15, 1996, AmSouth Bancorporation rededicated its efforts and commitment to financing affordable housing for low- to moderate-income individuals. A goal of \$100 million in loan originations was set. For the initial marketing campaign, the bank used local newspaper and radio advertising, direct mailing, and increased calling efforts to neighborhood development associations, realtors, and builders.

Although the major media provide the highest level of exposure for the bank, flyers are periodically used to promote home mortgage products, community homebuyers classes, and consumer loans. Advertisements are also placed in community and church publications, and homeowner association newsletters. To supplement newspaper and television advertising, the bank holding company produces a line of product brochures explaining all loan and deposit products and services.

AmSouth Bank of Tennessee also publishes its residential real estate loan rates weekly in The Chattanooga Times' real estate section. Rate sheets are distributed to real estate agents and builders. The bank indirectly markets itself through its involvement in the community. Through officer calls in the community, classes and seminars, donations, sponsorships, and other services provided for community events and functions, AmSouth Bank of Tennessee is recognized in the community.

The institution's origination of residential mortgage loans, housing rehabilitation loans, home improvement loans, and small business or small farm loans within its community, or the purchase of such loans originated in its community.

AmSouth Bank of Tennessee offers a variety of credit products to meet the community's credit needs. Also, the bank extends mortgage loans with more flexible underwriting guidelines through AmSouth's Affordable Housing Program (AHP). In addition to flexible underwriting guidelines, features of the AHP include down payment assistance through the Chattanooga Neighborhood Enterprise, waived private mortgage insurance,

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

and higher housing expense and total debt-to-income ratios. Nontraditional sources of credit are also considered. In 1995, the bank originated 55 AHP loans for a total of \$2,507,035. 72 AHP loans were originated from January 1 through October 31, 1996, for a total of \$3,514,975.

In addition, the bank offers several types of consumer real estate loans through its AmSouth Direct Consumer bank. Loans can be made for home purchase, refinancing, home improvement, and other purposes. Typically, the loans have very short terms of no more than 5 years. First mortgage purchase transactions are allowed a term of 15 years. The bank requires limited documentation and provides quick underwriting decisions and favorable terms for applicants who qualify for these loans.

The review of the loan portfolio revealed that the bank offers and extends the types of credit listed in its CRA Statement. The September 30, 1996 Consolidated Reports of Condition and Income revealed a loan portfolio that consisted of the following:

LOAN TYPE	PERCENTAGE
Construction and development	6.6
Secured by one- to four-family dwellings	43.9
Other real estate:	
Multifamily	8.2
Nonfarm nonresidential	8.6
Commercial and industrial	17.1
Loans to individuals	15.0
All other	0.6
Total	100.0

The table illustrates that the bank's outstanding loans are significantly concentrated in residential loans. The bank primarily originates variable-rate mortgage loans. The bank has been originating higher volumes of commercial loans, consistent with management's recognition of the need for small business credit. According to the September 30, 1996 Consolidated Reports of Condition and Income, the bank's asset size was \$1.1 billion, and the loan-to-deposit ratio was 90 percent. The bank's loan-to-deposit ratio is consistent with those of its major competitors.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

The tables below show the number and amount outstanding of business loans with original amounts of \$1 million or less in the bank's portfolio according to the June 30, 1996 Consolidated Reports of Condition and Income.

LOANS SECURED BY NONFARM NONRESIDENTIAL PROPERTIES

ORIGINAL LOAN AMOUNT	NUMBER OF LOANS	AMOUNT (000s)
\$100,000 or less	135	\$5,623
\$100,000 - \$250,000	55	\$6,956
\$250,000 - \$1 million	50	\$20,124

COMMERCIAL AND INDUSTRIAL LOANS

ORIGINAL LOAN AMOUNT	NUMBER OF LOANS	AMOUNT (000s)
\$100,000 or less	453	\$8,965
\$100,000 - \$250,000	43	\$5,757
\$250,000 - \$1 million	66	\$25,101

The tables show that the bank makes a large number of small business loans under \$1 million. The largest number of loans originated were for amounts of \$100,000 or less. The bank actively supports the formation of a Small Business Development Center (SBDC) in the urban Chattanooga area. The SBDC will serve as a business incubator serving the needs of new businesses through support, classes, and counseling.

The institution's participation in governmentally insured, guaranteed, or subsidized loan programs for housing, small businesses, or small farms.

The bank offers loans guaranteed by the Small Business Administration (SBA) and the Veterans Administration (VA) and loans insured by the Federal Housing Administration (FHA). In addition, the bank originates mortgage loans subsidized through the Tennessee Housing Development Agency (THDA). THDA is a state agency that receives funds through the sale of bonds. The bond funds are used to make affordable home loans to low- to moderate-income families. The bank also originates loans under the Federal National Mortgage Association (FNMA) 3/2 conventional mortgage program. The following table shows the number and dollar amount of the bank's government-insured and guaranteed loans originated during 1995 and the period from January 1 through October 31, 1996.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED (CONTINUED)

PROGRAM	ORIGINATIONS	
	Number	Amount (000s)
SBA	0	\$ 0
THDA	11	\$ 479
FHA/VA	194	\$13,706

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

The bank has delineated its community into five different areas served by 23 offices. The five areas are Fayetteville, Hickory Hollow, Gallatin-Hendersonville, Nashville, and Chattanooga. The delineation includes all or portions of eight counties, which are as follows: Lincoln, Davidson, Rutherford, Sumner, Williamson, Hamilton, Rhea, and Bradley. The delineation contains 161 census tracts. Four of the 161 tracts have no population or housing counts, and 43 (27 percent) are low- or moderate-income tracts. Because management could not determine if census tract 191.04 was included in the Hickory Hollow delineation, this tract was not included in the analysis. Two census tracts in Williamson County (Nashville area) were also not included in the analysis because they were omitted from the list of tracts provided by management. In 1995, the bank received a total of 753 applications reportable under the Home Mortgage Disclosure Act (HMDA). 570 (76 percent) of the applications resulted in loan originations. Of the 570 loans, 378 (66 percent) were within the bank's delineation. The bank's delineation for the state of Tennessee appears reasonable.

The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The following tables show the bank's HMDA-reportable applications and originations by applicant income and by census tract income for 1995. Aggregate market information is included for comparison. Because Rhea and Bradley counties in the Chattanooga area and Lincoln County in the Fayetteville area are not in a metropolitan statistical area (MSA), HMDA data are not available for these counties.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

1995 DISTRIBUTION BY APPLICANT INCOME

APPLICANT'S INCOME	BANK		MARKET		PERCENTAGE OF FAMILIES
	PERCENTAGE OF TOTAL APPLICATIONS	PERCENTAGE OF TOTAL ORIGINATIONS	PERCENTAGE OF TOTAL APPLICATIONS	PERCENTAGE OF TOTAL ORIGINATIONS	
Low-income	11.0	6.7	7.1	5.3	5.1
Moderate-income	17.1	15.4	18.2	16.3	10.3
Middle-income	23.3	21.8	25.6	25.5	57.4
Upper-income	46.3	53.3	46.5	51.1	27.2
Not available	2.3	2.8	2.6	1.8	N/A

The bank received 28.1 percent of its total applications from and originated 22.1 percent of its loans to low- to moderate-income applicants. In the aggregate market, 25.3 percent of total applications and 21.6 percent of total originations involved this segment of the population. The market and the bank effectively penetrated the low- and moderate-income segment, which makes up 15.4 percent of total families. In the middle-income category, both the bank and the aggregate market had significantly smaller percentages of applications and originations in comparison to the percentage of family population. In the upper-income category, the bank and the aggregate market had significantly higher percentages for applications and originations when compared to the population make-up.

1995 DISTRIBUTION BY CENSUS TRACT INCOME

CENSUS TRACT TYPE	BANK		MARKET		PERCENTAGE OF POPULATION BASED ON CENSUS TRACT INCOME
	PERCENTAGE OF TOTAL APPLICATIONS	PERCENTAGE OF TOTAL ORIGINATIONS	PERCENTAGE OF TOTAL APPLICATIONS	PERCENTAGE OF TOTAL ORIGINATIONS	
Low-income	2.8	1.5	1.6	1.2	16.3 (Low- and moderate-income combined)
Moderate-income	8.0	6.1	8.0	5.9	
Middle-income	59.1	58.5	49.3	48.1	49.4
Upper-income	30.1	33.9	41.1	44.8	34.3

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES (CONTINUED)

The small percentage of loans extended in low- and moderate-income census tracts when compared to the percentage of the population living in those census tracts illustrates limited penetration by both the bank and the aggregate market. The bank's Affordable Housing Program may fill the gap in this segment of the community. (Please see the Marketing section of the evaluation for details.) As mentioned earlier, the bank originated 55 AHP loans in 1995, and through October 31, 1996, originations have increased 31 percent to a total of 72.

AmSouth Bank of Tennessee provided reports that geo-coded the bank's non-HMDA lending efforts by census tract. Non-HMDA loans include consumer installment loans, open-end credit, and commercial loans. The reports listed the dollar amount of loans generated by census tract; however, the reports did not provide the number of loans originated in each census tract. The reports show that the bank has extended non-HMDA loans in most census tracts in its delineated community and in all types of tracts by income. The chart below illustrates the geographic distribution of non-HMDA loans made during 1995 and through October 1996. The bank penetrated most census tract types relative to the percentage of total census tracts for each income category. The bank's penetration of low-income census tracts was significant when compared to the percentage of low-income tracts.

CENSUS TRACT TYPE	DOLLAR AMOUNT	PERCENTAGE OF TOTAL DOLLAR AMOUNT	PERCENTAGE OF TOTAL CENSUS TRACTS
Low	\$ 27,753,435	15.9	7.8
Moderate	17,928,324	10.3	16.9
Middle	81,735,577	46.8	46.1
Upper	47,194,774	27.0	29.2
Total	\$174,612,118	100.0	100.0

The institution's record of opening and closing offices and providing services at offices.

AmSouth Bank of Tennessee currently has 23 offices. Senior management has developed and approved a branch closing policy as required by section 42 of the Federal Deposit Insurance Act. This policy requires that before a branch is closed, consideration must be given to such factors as the level of branch services and products provided, the demographic profile of the market, and economic influences. Also, the policy requires management to consider information and ideas obtained from consultations with members of the community to minimize any negative impact of an office closing.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

In 1994, two branch offices were opened: one on Gunbarrel Road in Chattanooga and one on Ocoee Road in Cleveland. The Northgate Office in Hixson opened in 1995, and the Bradley Square Office in Cleveland opened in 1996. The Lee Highway and the Keith Street offices were closed and relocated because of their close proximity to the Gunbarrel Road and Bradley Square offices. In 1995, the South Pittsburgh Office was sold, and the Rossville and Freight Deposit branches were closed.

Senior management periodically reviews services and business hours to ensure accommodation of all segments of the institution's local communities. These services and business hours seem to meet local community needs.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement.

Credit policies and procedures are reviewed periodically by management to ensure that they are not discriminatory toward any protected class. In addition, all of the bank's employees receive training at least annually on the requirements of Regulation B - Equal Credit Opportunity Act and other fair lending regulations.

Evidence of prohibited discriminatory or other illegal credit practices.

No credit practices inconsistent with the substantive provisions for fair housing and fair lending laws and regulations were identified.

V. COMMUNITY DEVELOPMENT

The institution's participation, including investments, in local community development and redevelopment projects or programs.

Cleveland, Tennessee

Low-Income Housing Initiatives

The city president in Cleveland and the community affairs officer met with representatives of the Cleveland-Bradley Housing Corporation to review opportunities to finance low-income housing. A proposal was later made to provide financing of \$175,000 for the purchase and rehabilitation of seven houses, which will be marketed to present tenants. Although AmSouth Bank of Tennessee approves the loans, the funds are provided through the THDA.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Nashville, Tennessee

Affordable Housing

The city president in Nashville has been working closely with Affordable Housing of Nashville and the Resource Foundation. These two organizations build and rehabilitate homes for the lower-income sector. Two lines of credit totaling \$30,000 have been extended by AmSouth Bank of Tennessee to fund construction.

Nashville Housing Fund

During the examination, AmSouth Bank of Tennessee invested \$50,000 in the form of a promissory note at a below-market rate to establish the Nashville Housing Fund. Nashville Housing Fund's mission is to expand the supply of affordable housing in Nashville by investing in projects and activities that create housing opportunities; provide incentives for the development of new housing; and contribute to building pride, diversity, and a strong sense of community. The Nashville Housing Fund will be supported by a variety of public and private resources including investments from local financial institutions. Immediate priorities of the fund include assisting low- and moderate-income families in becoming home owners by providing down payment and closing cost loans and providing low-interest-rate loans and other incentives for the development of affordable housing by not-for-profit and for-profit developers.

Habitat for Humanity

The manager of the Gallatin branch serves on the board of Habitat for Humanity of Nashville. With the assistance of this branch manager, AmSouth Bank of Tennessee was instrumental in building the first Habitat home in Sumner County. AmSouth Bank of Tennessee placed advertisements soliciting help to construct the home. The Gallatin branch was used as a focal point to coordinate labor and the material obtained through solicitation for the Habitat project.

Chattanooga, Tennessee

Chattanooga Neighborhood Enterprise, Inc. (CNE)

CNE was organized in 1986 as a private, nonprofit corporation whose mission was to eliminate substandard housing and provide quality affordable housing for low- to moderate-income individuals. Since its creation, CNE has invested more than \$80 million and assisted more than 3,000 individuals and families in finding homes. CNE provides low-interest mortgage and home improvement loans, purchases and repairs substandard residences for sale or rental, and rejuvenates declining neighborhoods.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Chattanooga, Tennessee (Continued)

Chattanooga Neighborhood Enterprise, Inc. (CNE)

On behalf of the City of Chattanooga, CNE has worked with AmSouth Bank of Tennessee to provide a \$838,000 loan to complete the renovation of a 124-unit apartment complex known as Morrison Springs Apartments in Chattanooga. AmSouth Bank of Tennessee was able to provide the loan at slightly below market financing. CNE offers a partial guaranty of 25 percent of the outstanding loan balance.

Fairview Park (Inner-City Housing)

A task force represented by AmSouth Bank of Tennessee, CNE, Inner City Development Corporation (ICDC), Habitat for Humanity, Chattanooga Urban League, and the City of Chattanooga met twice a month during the second quarter of 1995 to develop plans for an inner-city project. Known as Fairview Park, the project will involve construction of 18 new homes and rehabilitation of 15 rental units. AmSouth Bank of Tennessee has committed to make a \$300,000 line of credit available to CNE for construction of the new homes. AmSouth Bank will also offer financing for qualified buyers of 12 new homes. Six of the houses will be financed by Habitat for Humanity.

Westside Community Development Corporation (WCDC)

AmSouth Bank of Tennessee is a partner with the Junior League of Chattanooga and has contributed \$10,000 to be applied to the league's \$400,000 commitment to the WCDC. The Westside community plans to reclaim and rebuild a historic downtown neighborhood. WCDC was formed in October 1994 to facilitate the implementation of a five-point plan, with a mission to build a healthy and productive community and to empower residents to transform the community and improve their lives. Demographics for this area show that the urban neighborhood, roughly defined by Riverfront Parkway, West Martin Luther King Boulevard, and I-24, is home for 2,800 people. The neighborhood is considered very low- to low-income. 50 percent of the residents in this neighborhood are elderly.

Homebuyers Club

AmSouth Bank of Tennessee along with Chattanooga Area Urban League sponsored two Homebuyers Club seminars in 1995. During 1996, the bank assisted with one homebuyers seminar with the U.S. Department of Housing and Urban Development (HUD). However, bank management holds homebuyer workshops throughout the year with various realtors in the community. The seminars assist participants with understanding affordability, different options with regard to financing, closing costs, and credit repair.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Other credit-related activity

In other areas of community development, the bank made a \$5,000 contribution to help establish the Chattanooga-Hamilton County Business Development Center. The bank actively supports churches throughout the various communities. To date, the bank has funded five loans totaling \$304,538.

The institution's ability to meet various community credit needs based on its financial condition and size, legal impediments, local economic conditions, and other factors.

Community Profiles

AmSouth Bank of Tennessee serves a large and diverse geographic area. The bank has 14 offices in the Chattanooga area. To serve the Nashville community, AmSouth Bank of Tennessee has five offices in Nashville, one office in the Hickory Hollow area, and two offices in the Hendersonville area. AmSouth Bank of Tennessee also has one office to serve the Fayetteville area, which is located approximately 70 miles south of Nashville. Illustrated below are characteristics of the counties in the bank's delineation.

Chattanooga, Tennessee

The Chattanooga area delineation includes 93 census tracts and block numbering areas (BNAs). The delineation includes portions of the five-county MSA (#1560) that consists of Hamilton and Marion counties in Tennessee and Catoosa, Dade, and Walker counties in Georgia. Most of the bank's delineated census tracts are in Hamilton County, which contains the city of Chattanooga. A few census tracts are in Bradley County, which is not in an MSA. The BNAs are located in Rhea County.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Chattanooga, Tennessee (Continued)

CHATTANOOGA DELINEATION	
Tract Summary	
Total number of tracts and BNAs	93 (3 tracts have no population)
Number of low-income tracts	11
Number of moderate-income tracts	17
Number of middle-income tracts	43
Number of upper-income tracts	22
Population Summary	
1990 population	383,592
Major communities	Chattanooga, Dayton, Cleveland, Rossville, Lookout Mountain, and Dallas Bay
Income Summary	
Median family income	\$31,294
Total number of families	107,614
Percentage of low-income families	19.2
Percentage of moderate-income families	15.9
Percentage of middle-income families	20.9
Percentage of upper-income families	44.0
Percentage of families below poverty level	10.8

The 1993 U.S. Census employment data for county business patterns show a total of 655 businesses in Hamilton County. 617 (94 percent) have fewer than 50 employees. The local economy is predominately retail and service-oriented, with the next largest industries being manufacturing and construction.

According to the 1990 Census data, 60 percent of the 162,511 housing units in the bank's delineation were owner-occupied, and 31.4 percent were renter-occupied. 79 percent of the housing units were one-to four-family dwellings, and 13.6 percent were multifamily dwellings. The median housing age was 33 years. The median housing value was \$59,415.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Fayetteville, Tennessee

Fayetteville, located in Lincoln County, is approximately 70 miles south of Nashville and 50 miles west of Chattanooga. Lincoln County is not in an MSA.

FAYETTEVILLE DELINEATION

Tract Summary	
Total number of tracts	8
Number of low-income tracts	0
Number of moderate-income tracts	0
Number of middle-income tracts	6
Number of upper-income tracts	2
Population Summary	
1990 population	28,157
Major communities	Fayetteville, Kelso, Mulberry, Coldwater, Howell, and Flintville
Income Summary	
Median family income	\$27,143
Total number of families	8,315
Percentage of low-income families	18.8
Percentage of moderate-income families	16.7
Percentage of middle-income families	19.4
Percentage of upper-income families	45.1
Percentage of families below poverty level	10.7

The 1993 U.S. Census employment data for county business patterns show a total of 585 business establishments in Lincoln County. 568 (97 percent) have fewer than 50 employees. The local economy in Lincoln County is predominately retail and service-oriented, with the next largest industry being construction.

According to the 1990 Census data, 67.1 percent of the 11,902 housing units in Lincoln County were owner-occupied, and 24.4 percent were renter-occupied. 82 percent of the dwellings were one- to four-family units, and 3.8 percent were multifamily units. The median housing age was 33 years. The median housing value was \$47,609.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Nashville, Tennessee

The Nashville area delineation includes 37 census tracts located in the Nashville MSA (#5360). 35 tracts are in Davidson County, and two are in Williamson County. Because the two census tracts in Williamson County were not included in the list of tracts provided by management, the demographic information below excludes these two tracts.

NASHVILLE DELINEATION

Tract Summary	
Total number of tracts	35
Number of low-income tracts	6 (one tract has no population)
Number of moderate-income tracts	8
Number of middle-income tracts	7
Number of upper-income tracts	14
Population Summary	
1990 population	136,927
Major communities	Nashville, Berry Hill, Belle Meade, Oak Hill, and Forrest Hills
Income Summary	
Median family income	\$44,342
Total number of families	33,360
Percentage of low-income families	17.9
Percentage of moderate-income families	12.7
Percentage of middle-income families	17.8
Percentage of upper-income families	51.6
Percentage of families below poverty level	9.5

The 1993 U.S. Census employment data for county business patterns show a total of 17,708 business establishments in Davidson County. 16,490 (93 percent) have fewer than 50 employees. The local economy in Davidson County is predominately retail and service-oriented, with the next largest industry being manufacturing.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Nashville, Tennessee (Continued)

According to the 1990 Census data, 51.3 percent of the 63,287 housing units in the Davidson County portion of the bank's delineation were owner-occupied, and 40.4 percent were renter-occupied. 68.9 percent of the dwellings were one- to four-family units, and 30 percent were multifamily units. The median housing age was 29 years. The median housing value was \$120,403.

Gallatin-Hendersonville

The Gallatin-Hendersonville area delineation includes 15 census tracts in Sumner County, which is part of the Nashville MSA (#5360).

GALLATIN-HENDERSONVILLE DELINEATION

Tract Summary	
Total number of tracts	15
Number of low-income tracts	0.00
Number of moderate-income tracts	1
Number of middle-income tracts	9
Number of upper-income tracts	5
Population Summary	
1990 population	77,171
Major communities	Hendersonville, Gallatin, and Millersville
Income Summary	
Median family income	\$38,517
Total number of families	22,138
Percentage of low-income families	17.0
Percentage of moderate-income families	15.9
Percentage of middle-income families	24.4
Percentage of upper-income families	42.7
Percentage of families below poverty level	6.2

The 1993 U.S. Census employment data for county business patterns show a total of 2,139 businesses in Sumner County. 2,033 (95 percent) have fewer than 50 employees. The local economy in Sumner County is predominately retail and service-oriented, with the next largest industry being construction.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Gallatin-Hendersonville (Continued)

According to the 1990 Census data, 67.7 percent of the 29,778 housing units in the bank's delineation were owner-occupied, and 24.7 percent were renter-occupied. 82.8 percent of the dwellings were one- to four-family dwellings, and 9.9 percent were multifamily units. The median housing age was 20 years. The median housing value was \$80,956.

Hickory Hollow

The Hickory Hollow delineation includes eight census tracts located in the Nashville MSA. Six tracts are in Davidson County, and two are in Rutherford County. Because management was unable to determine whether census tract 191.04 was included in the delineation, this census tract was not considered in the analysis.

HICKORY HOLLOW DELINEATION

Tract Summary	
Total number of tracts	8
Number of low-income tracts	0.00
Number of moderate-income tracts	0
Number of middle-income tracts	6
Number of upper-income tracts	2
Population Summary	
1990 population	66,770
Major communities	LaVergne and Rural Hill
Income Summary	
Median family income	\$38,503
Total number of families	17,994
Percentage of low-income families	12.8
Percentage of moderate-income families	17.3
Percentage of middle-income families	27.9
Percentage of upper-income families	42.0
Percentage of families below poverty level	4.6

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Hickory Hollow (Continued)

The 1993 U.S. Census employment data for county business patterns show a total of 2,626 businesses in Rutherford County. 2,469 (94 percent) have fewer than 50 employees. The local economy in Rutherford County is predominately retail and service-oriented, with the next largest industries being construction and manufacturing. (See the discussion of the Nashville area for Davidson County demographics.)

According to the 1990 Census data, 46.4 percent of the 30,927 housing units in the bank's delineation were owner-occupied, and 41.5 percent were renter-occupied. 57.6 percent of the housing units were one- to four-family dwellings, and 38.2 percent were multifamily dwellings. The median housing age was 25 years. The median housing value was \$78,186.

Bank Profile

AmSouth Bank of Tennessee was organized on June 6, 1991, and opened for business on June 10, 1991, in Nashville, Tennessee. On February 1, 1993, AmSouth Bank of Tennessee merged with First Federal Bank, FSB of Chattanooga and moved its corporate headquarters to Chattanooga, Tennessee. The bank had total assets of \$1.1 billion as on September 30, 1996.

AmSouth Bank of Tennessee is a subsidiary of AmSouth Bancorporation, a bank holding company with headquarters in Birmingham, Alabama, and operates as an integral part of the AmSouth Bancorporation system. AmSouth Bancorporation reported assets of \$18.6 billion on September 30, 1996. AmSouth Bancorporation operates 271 banking offices in four states: 125 offices in Alabama, 116 in Florida, 23 in Tennessee, and 7 in Georgia.

Any other factors that, in the regulatory authority's judgment, reasonably bear upon the extent to which an institution is helping to meet the credit needs of its entire community.

The bank participated in the Consumer Credit College, which was held at the largest area shopping mall in Chattanooga. The Consumer Credit Counseling Division of Family and Children Services coordinates the annual event. The purpose is to teach high school students how to use a checkbook, how to use an ATM, and how to apply for credit. AmSouth Bank donated checkbooks and provided a training ATM for the session.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Bank Profile (Continued)

Bank officers have made personal presentations to businesses, schools, and other groups to explain bank services and how to obtain them. A special program on mortgage loans and homebuying has been developed and presented in the Chattanooga community in conjunction with CNE and the University of Tennessee at Chattanooga.

In cooperation with HUD, the bank recently began offering a bridal registry savings account. Couples getting married can open an interest-bearing bridal registry savings account with AmSouth Bank. Family and friends can deposit cash wedding gifts directly in the account. This account provides a way for couples to save for their first home. AmSouth Bank of Tennessee along with all the AmSouth bank affiliates are among 30 financial institutions nationwide that are participating in this housing initiative.

In addition to various charitable contributions throughout the community including volunteer and technical assistance, the bank has made a substantial amount of educational grants available. Each year, AmSouth Bancorporation provides funds to implement innovative programs to improve education for students in pre-school, elementary, and high school. Applications are received from representatives of schools in the AmSouth service area. Grants are awarded to educators who want to improve education by encouraging academic excellence, developing student leadership and self-esteem, promoting parent and community involvement, helping prevent students from dropping out, and improving teaching effectiveness. Substantial grants have been given in both 1995 and 1996, with several of the schools located in low-income areas.

TO THE INSTITUTION EXAMINED:

THIS COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA. THE FOLLOWING ACTIONS MUST BE TAKEN TO FULFILL THE CRA'S REQUIREMENTS.

- C AT A MINIMUM, PLACE THE EVALUATION IN YOUR CRA PUBLIC FILE LOCATED AT YOUR HEAD OFFICE (AND A DESIGNATED OFFICE IN EACH OF YOUR LOCAL COMMUNITIES) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION.
- C PROVIDE A COPY OF THE EVALUATION TO THE PUBLIC UPON REQUEST (YOU ARE PERMITTED TO CHARGE A FEE NOT TO EXCEED THE COST OF REPRODUCTION AND MAILING IF APPLICABLE) NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THIS LETTER.
- C ADD THE FOLLOWING LANGUAGE TO YOUR CRA PUBLIC NOTICE THAT IS POSTED IN EACH OF YOUR OFFICES, NO LATER THAN 30 BUSINESS DAYS AFTER RECEIVING THE EVALUATION:

"YOU MAY OBTAIN THE PUBLIC SECTION OF OUR MOST RECENT CRA PERFORMANCE EVALUATION, WHICH WAS PREPARED BY THE FEDERAL RESERVE BANK OF ATLANTA, AT (YOUR MAIN OFFICE ADDRESS)."

FEDERAL RESERVE BANK OF ATLANTA

ASSISTANT VICE PRESIDENT

(Date)

CYNTHIA C. GOODWIN

(Title)

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

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TO THE FEDERAL RESERVE BANK OF ATLANTA

A COPY OF THE COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION PREPARED AS OF THE CLOSE OF BUSINESS OCTOBER 7, 1996, BY AN EXAMINER FOR THE FEDERAL RESERVE BANK OF ATLANTA HAS BEEN RECEIVED AND WILL BE MADE AVAILABLE TO THE PUBLIC IN THE MANNER STATED IN THE LETTER WHICH ACCOMPANIED THE EVALUATION.

(Signature of Authorized Officer)

(Title)

AMSOUTH BANK OF TENNESSEE

(Name of Bank)

CHATTANOOGA, TENNESSEE

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Board of Directors
AmSouth Bank of Tennessee
601 Market Center
Chattanooga, Tennessee 37402

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Duwane M. Morgan using the guidelines established by the Federal Financial Institutions Examination Council. This evaluation was prepared in accordance with the Community Reinvestment Act (CRA), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and must be made available to the public. The following actions must be taken to fulfill the CRA's requirements.

- C At a minimum, place the evaluation in your CRA public file located at your head office (and a designated office in each of your local communities) no later than 30 business days after receiving this letter.
- C Provide a copy of the evaluation to the public upon request (you are permitted to charge a fee not to exceed the cost of reproduction and mailing if applicable) no later than 30 business days after receiving this letter.
- C Add the following language to your CRA public notice that is posted in each of your offices, no later than 30 business days after receiving the evaluation:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Federal Reserve Bank of Atlanta, at (your main office address)."

Please acknowledge receipt of this evaluation by signing and returning the attached blue form. The format and content of the evaluation should not be altered or abridged in any manner. You may wish to comment on this information detailing actions the bank has taken since the examination to meet its obligations under the CRA. Any written comments concerning the evaluation placed in the public file should also be forwarded to this office. If you believe any of the information included in the public evaluation is proprietary, please contact this Reserve Bank so that the appropriate action can be taken.

Board of Directors
AmSouth Bank of Tennessee
Chattanooga, Tennessee

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Dufries at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Gale Williams at (404) 589-7223.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Name of Bank: AMSOUTH BANK OF TENNESSEE

City and State: CHATTANOOGA, TENNESSEE

Date of Examination: OCTOBER 7, 1996