

PUBLIC DISCLOSURE

October 7, 1996

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

AmSouth Bank of Alabama

Birmingham, Alabama

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 Alabama, Birmingham, Alabama, 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 Alabama uses various methods to ascertain the credit needs of its 16 local communities. These methods include a needs ascertainment call program, a business development call program, and contact with various civic, housing, governmental, religious, nonprofit, and social service organizations. Many bank employees are also members and have ongoing involvement with these organizations. The bank's regional executives and city presidents are responsible for CRA compliance in these communities. The executives plan and assess local compliance efforts and establish call program goals for business development and credit needs ascertainment. These goals are a part of the CRA action plans that are written annually for each community. CRA compliance efforts including completed calls are reported quarterly to the community affairs officer, who monitors the level of contact and effectiveness of the call program.

In 1995, the bank reported 419 calls that were made specifically for credit needs ascertainment. These calls were made to organizations such as the Alabama Housing Finance Authority, the Alabama Small Business Development Consortium, the Alabama Small Business Investment Corporation, and the Birmingham Community Investment Partnership. Other organizations targeted included the Huntsville Housing Authority, the Mobile Minority Business Development Center, the Mobile Business Development Center, the Mobile Business Development Fund, the Montgomery area Community Development Corporation, and Neighborhood Housing Services. Various other housing authorities, chapters of Habitat for Humanity, and affordable housing advocacy groups were called on as well. Numerous individuals such as government officials, religious leaders, and other community leaders were also included in the call program.

The bank also has an extensive business development call program. In most regions, specific goals are set for the number of calls to be completed and documented. Although the exact number of calls could not be determined because of incomplete documentation, the bank's files indicated an overall adequate and meaningful level of contact. For 1995, in the Birmingham area, branch personnel made 5,266 business development calls; 1,175 (22 percent) were to businesses with annual revenues less than \$1 million or businesses in low- to moderate-income areas. In addition, the business banking and commercial divisions made 763 calls to small businesses and businesses in low- to moderate-income areas. In addition to marketing the bank's products, these calls serve as a method of determining credit needs.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS (CONTINUED)

Flexible small business lending, affordable mortgage loans, and credit-related education are the primary credit needs. The bank has introduced Flexline, which is a streamlined and simplified business loan package for small business owners, and has continued to offer its in-house affordable mortgage program. The bank also routinely provides seminars on business credit, mortgage financing, and personal finance to a wide range of audiences. Educational materials such as brochures are distributed as well. These activities also provide opportunities for credit needs ascertainment.

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).

The board of directors formulates policies and reviews the bank's performance with respect to CRA. In addition, advisory boards function at the local level in many of the smaller communities to provide guidance to local bank management and information about local issues related to the bank's CRA efforts. The board of directors receives an annual report from management about the bank's CRA activities. The current CRA Statements were reviewed and approved at the March 1996 meeting. The board of directors also reviews reports from the audit committee of the board, which meets quarterly and includes reports from management about CRA initiatives. The board also reviews the biannual self-assessments that are conducted by management to measure progress in completing the action plans.

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.

The bank's holding company has a corporate marketing department that oversees media-related advertising for the bank. Coverage is extensive because the bank uses mainstream print media such as newspapers and trade journals, and the bank also uses minority-focused publications where available. Other media include television and radio, with inclusion of minority-focused broadcasters in the advertising campaigns. Budgets are provided at the city level to promote the bank's services and products through event-related sponsorships and related brochures and programs.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

The bank conducted a media campaign in 1996 to promote its Affordable Housing Program. This marketing initiative was in addition to the calling efforts of mortgage loan officers who were directed to call on realtors who serve low- and moderate-income areas. The initiative consisted of six weeks of advertising in various newspapers and radio stations with an emphasis on those that reach low- and moderate-income consumers. Loan officers have also marketed this product through numerous home ownership seminars that have been conducted.

The bank continued to promote its Flexline product to small business owners. This product provides relatively uncomplicated financing and deposit services to businesses with annual revenues of \$5 million or less. The financing option has lower fees than conventional business financing. Marketing initiatives included personal calling; branch advertising such as banners; direct mail; and advertising in newspapers and business-oriented magazines. Goals were established for loans and deposits, and the calling effort became a part of the existing ongoing business development call program.

The bank also advertised its home equity line of credit through radio and print with an emphasis on no closing costs, origination fees, or annual fees under certain conditions.

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.

The bank originates a variety of loan types to meet the credit needs of its local communities. The bank's CRA Statement lists the following types of loans that are made available to residents and businesses in the bank's communities:

LOANS TO INDIVIDUALS

- Automobile loans
- Truck loans
- Recreational vehicle loans
- Motorcycle loans
- Mobile home loans
- Educational loans
- Agricultural loans
- Aircraft loans
- Loans secured by time deposits
- Credit cards
- Personal lines of credit
- Loans for other personal expenses

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

REAL ESTATE LOANS

Home improvement loans
Construction loans
Second mortgage loans
Home equity lines of credit
Home purchase loans
Refinance loans

LOANS TO BUSINESSES

Short-term loans for seasonal needs and working capital
Intermediate-term loans for expansion and acquisition
Construction loans
Land development loans
Commercial real estate loans
Equipment loans
Loans to municipalities, agencies, authorities, and other governmental entities.

A review of the bank's loan portfolio and documentation indicated that the bank extends these types of credit throughout its communities. The September 30, 1996 Consolidated Reports of Condition and Income indicated a \$6.8 billion loan portfolio that consisted of the following:

LOAN TYPE	PERCENTAGE
Construction and development	2.6
Secured by one- to four-family dwellings	22.0
Other real estate:	
Farmland	.3
Multifamily	2.1
Nonfarm nonresidential	9.4
Agricultural and production	.1
Commercial and industrial	33.3
Loans to individuals	22.7
All other	7.5
Total	100.0

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

The bank's loan-to-deposit ratios for the quarters ended March 31, 1995, through June 30, 1996, ranged from 92.7 percent to 95.9 percent and averaged 93.5 percent. The three major competitors had similar averages over the same period: 93.4 percent, 93.8 percent, and 111.8 percent.

The bank and its former subsidiary mortgage company have been high-volume producers of residential mortgages. The following table shows residential mortgage loan production for 1995 according to the Home Mortgage Disclosure Act (HMDA) reports for the bank and the former mortgage subsidiary:

LOAN TYPE	NUMBER	\$ AMOUNT (000s)
Purchase	1,734	\$160,412
Refinance	853	72,962
Home Improvement	2,173	15,993
Multifamily	4	188
Total	4,764	\$249,555

The bank's own mortgage loan program, the Affordable Housing Program, has lending criteria that are more liberal than those of traditional mortgage loans. In 1995, the bank closed 56 Affordable Housing loans totaling \$2.2 million. In January 1996, \$100 million was allocated to this program concurrently with a new advertising campaign to promote the product. As of June 30, 1996, the bank had originated 59 of these loans totaling \$2.5 million year-to-date. The bank also participates in the bond-funded mortgage program administered through the Alabama Housing Finance Authority which provides below market interest rate financing. In 1995, the bank closed 125 of these loans totaling \$8 million. As of October 31, 1996, the bank had closed 27 of these loans totaling \$1.6 million year-to-date.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

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

The bank is an active Federal Housing Administration (FHA) and Veterans Administration (VA) lender and participates in the loan guarantee programs of the Small Business Administration (SBA). According to the HMDA reports for 1995 that were compiled by the bank and the former mortgage company, 465 FHA and VA loans totaling \$32.3 million were closed. The bank also made 7 SBA-guaranteed loans totaling \$655,643 in 1995 and has made 17 SBA loans totaling \$2,139,577 in 1996.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING OFFICES

Reasonableness of Delineated Community

AmSouth Bank of Alabama has delineated 16 separate communities throughout the state of Alabama. Ten of the delineated communities are located within a metropolitan statistical area (MSA). These communities are Calhoun, Birmingham, Decatur, Dothan, Florence, Gadsden, Huntsville, Mobile, Montgomery, and Tuscaloosa. The six nonmetropolitan communities are Athens, Cullman, Fort Payne, Marshall County, Opelika, and Selma. In January 1996, management analyzed the delineations of each community to ensure that the communities are reasonably defined. The examination confirms that all 16 of the bank's communities seem to be reasonably defined and do not arbitrarily exclude any low- and moderate-income areas.

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

Bank management has not performed a geographic analysis of the bank's credit applications since the previous examination. Therefore, the bank's 1995 HMDA Loan/Application Register data was analyzed. This geographic analysis includes the bank's four largest communities, which are Birmingham, Huntsville, Montgomery, and Mobile. The analysis was conducted to ensure that the bank is receiving applications and originating loans throughout the four communities.

The analysis compares the bank's performance to that of other banks of similar size with similar mortgage loan activity and to the aggregate market. The analysis includes lending activity of the banks and any mortgage subsidiaries. Details of the analysis for each of the four communities follow.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Birmingham

The Birmingham community consists of all of Jefferson, Shelby, and St. Clair Counties, except for 4 census tracts in the southeastern portion of Shelby County. The community contains 177 census tracts consisting of 18 low-income tracts, 38 moderate-income tracts, 69 middle-income tracts, and 52 upper-income tracts. AmSouth Bank has 43 offices in the community. 37 of the offices are located in Jefferson County, 5 in Shelby County, and 1 in St. Clair County.

Review of Lending by Applicant Income

According to the 1990 Census data, the Birmingham community has approximately 299,000 households. Of these households, 40 percent are classified as low- and moderate-income (LMI), 18 percent are middle-income, and 42 percent are upper-income. A review of the HMDA data shows that AmSouth Bank received 39.3 percent of its applications from LMI individuals. When compared with other similarly situated banks, AmSouth Bank had the highest percentage of applications from LMI individuals. AmSouth also compared favorably to the total market, which received 32.4 percent of the applications from LMI persons. The analysis indicates that the bank compared less favorably to other similarly situated banks and the total market for the percentages of applications received from middle-income and upper-income households.

The review of the HMDA data revealed that the bank originated 69.8 percent of the applications received from LMI persons, which was comparable to competitor banks and the total market. AmSouth Bank's origination rates for middle-income and upper-income individuals were also comparable to competitor banks and the total market. The review of denied applications indicated that the bank denied 26.9 percent of the applications received from LMI individuals, which was similar to the competitors and the total market. AmSouth Bank's denial ratios for middle- and upper-income individuals were also in line with competitor banks and the total market.

Review of Lending by Census Tract Income Level

The 1990 Census data show that the total population for the Birmingham community is approximately 785,000. 31 percent of the population resides in LMI tracts, 38 percent lives in middle-income tracts, and 31 percent resides in upper-income tracts.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Birmingham (Continued)

Review of Lending by Census Tract Income Level (Continued)

A review of the 1995 HMDA data revealed that the bank received 3 percent of its applications from individuals residing in low-income census tracts, 14 percent from persons living in moderate-income tracts, and 42 percent and 41 percent from persons living in middle-income and upper-income tracts, respectively. AmSouth Bank's application activity was comparable to that of its competitors and the total market in all income levels. The bank originated 58 percent of the applications received from low-income tracts; 67 percent of the applications received from moderate-income tracts; 76 percent of the applications received from middle-income tracts; and 80 percent of the applications received from upper-income tracts. The bank's origination rates were comparable to its competitors and the market aggregate. AmSouth Bank denied 40 percent of the applications received from low-income census tracts and 30 percent of the applications received from moderate-income census tracts. The bank's denial ratios were similar to the total market and the bank's competitors. The bank's denial ratios in the middle- and upper-income census tracts were also comparable to the competitors and the market.

Based on the analysis of the mortgage loan application activity, the bank's geographic distribution of loans in the Birmingham community is satisfactory.

Huntsville

The Huntsville community encompasses all of Madison County. The community contains 63 census tracts. The 1990 Census data categorize 4 of the tracts as low-income, 15 as moderate-income, 25 as middle-income, and 19 as upper-income. AmSouth Bank has nine offices in the community, all of which are located in the city of Huntsville.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Huntsville (Continued)

Review of Lending by Applicant Income

According to the 1990 Census data, the Huntsville community has approximately 91,000 households. Of these households, 22 percent are low-income, 16 percent are moderate-income (38 percent of the households are classified as LMI), 20 percent are middle-income, and 42 percent are upper-income. A review of the bank's 1995 HMDA data revealed that AmSouth Bank received 33 percent of its applications from LMI households. The bank's percentage was comparable to that of its major competitors but was slightly less favorable when compared to the aggregate market, which received 38 percent of the applications from LMI households. The analysis indicated that the bank's application activity was similar to the competitor banks and the total market in the middle- and upper-income households.

The analysis of the HMDA data revealed that the bank originated 75 percent of the applications received from LMI households, which was comparable to the competitor banks. When compared to the total market origination rate of 64 percent, AmSouth Bank's origination rate was higher. The bank's origination rates in middle- and upper-income households were also comparable to the competitors and the aggregate market. The review of denied applications showed that the bank denied 16 percent of the applications received from LMI households. The denial rate was comparable to the bank's competitors and significantly lower than the total market denial rate of 24 percent.

Review of Lending by Census Tract Income Level

The 1990 Census data show that the total population of the Huntsville community is approximately 239,000. 4 percent of the population resides in low-income tracts, 22 percent lives in moderate-income tracts (26 percent of the population resides in LMI census tracts), 44 percent lives in middle-income tracts, and 30 percent resides in upper-income tracts.

The review of the 1995 HMDA data revealed that the bank received .5 percent of its applications from low-income tracts, which was less than its competitors and the total market. However, as previously mentioned, only 4 percent of the population resides in these tracts. 14 percent of the bank's applications were received from persons residing in moderate-income tracts, which was comparable to both the competitors and the aggregate market. The review of the HMDA data also showed that the bank originated 50 percent of the applications received from persons living in low-income tracts and 76 percent of the applications from those residing in moderate-income tracts. The bank's origination rates

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Huntsville (Continued)

Review of Lending by Census Tract Income (Continued)

were similar to the competitors and the total market. AmSouth Bank's origination rates in middle- and upper-income tracts were also comparable to the competitor banks and the total market. A review of the denied applications revealed that the bank denied 50 percent of the applications received from individuals living in low-income tracts and 15 percent of the applications received from moderate-income tracts. The percentage of denied applications in the low-income tracts was significantly higher than the bank's competitors; however, the number of persons residing in these tracts is very low. For the remaining census tract groups, AmSouth Bank's denial rates were similar to the competitors and the total market.

Based on this analysis of AmSouth Bank's HMDA data, the bank's geographic distribution of loans in the Huntsville community is reasonable.

Montgomery

The Montgomery community consists of all of Montgomery, Autauga, and Elmore Counties. The community contains 77 census tracts consisting of 7 low-income tracts, 14 moderate-income tracts, 37 middle-income tracts, and 19 upper-income tracts. AmSouth Bank has 11 offices in the community. 8 are in Montgomery County, 2 are in Elmore County, and 1 is in Autauga County.

Review of Lending by Applicant Income

According to the 1990 Census data, the Montgomery community has approximately 105,000 households. Of these households, 25 percent are low-income, 16 percent are moderate-income, 18 percent are middle-income, and 41 percent are upper-income.

The review of the HMDA data shows that AmSouth Bank received 38.5 percent of its applications from LMI households, which is a higher percentage than the bank's competitors and only slightly lower than the aggregate market. The percentages of applications received by the bank from middle- and upper-income households were comparable to the competitor banks and the total market. The HMDA data indicate that the bank originated 66.5 percent of the applications received from LMI households, 74.1 percent of those received from middle-income households, and 81.7 percent of the applications received from upper-income households. AmSouth Bank compared favorably to its competitors and the aggregate market. A review of the denied applications showed that the bank denied 21.7 percent of the applica-

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Montgomery (Continued)

Review of Lending by Applicant Income (Continued)

tions received from LMI households, which was the second highest denial rate when compared with the competitor banks. However, the bank's denial rate was lower than the aggregate market rate of 32.2 percent. In the middle-income category, AmSouth Bank had the second highest denial rate when compared with the competitors; however, the bank's denial rate of 16.7 percent was slightly lower than the total market. The bank's denial rate in the upper-income category was significantly higher than the competitors and the aggregate market.

Review of Lending by Census Tract Income Level

The 1990 Census data show that the population of the bank's Montgomery community is approximately 293,000. 9 percent of the population resides in low-income tracts, 18 percent lives in moderate-income tracts (a total of 27 percent of the population resides in LMI tracts), 48 percent resides in middle-income tracts, and 25 percent lives in upper-income tracts.

The review of the HMDA data shows that AmSouth Bank received 3.1 percent of its applications from persons living in low-income tracts and 12.2 percent from those residing in moderate-income tracts. The bank's application rates for LMI tracts were comparable to both the competitor banks and the total market. The bank's application rate in the middle-income category was also comparable to the market and the competitors. AmSouth received a smaller percentage of its applications from upper-income tracts than its competitors did but a greater percentage than the aggregate market. The bank had an origination rate of 52.9 percent in the low-income category and 70.2 percent in the moderate-income category. These origination rates were the second lowest compared with the competition but were higher than the total market. When compared to the competitors, the bank's origination rate was the second lowest in the middle-income category and the lowest in the upper-income tracts. However, AmSouth Bank's origination rate was higher than the aggregate market in both the middle-income and upper-income categories. The bank's denial rate of 27.4 percent for applicants from LMI tracts was significantly higher than the competitor banks but comparable to the total market.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Montgomery (Continued)

Review of Lending by Census Tract Income Level (Continued)

Based on the analysis of the HMDA data, the bank's geographic distribution of mortgage loans for the Montgomery community is adequate.

Mobile

AmSouth Bank's Mobile community consists of all of Mobile and Baldwin Counties. The community has 144 census tracts. 25 of the tracts are low-income, 22 are moderate-income, 65 are middle-income, and the remaining 32 tracts are upper-income. The bank has 21 offices in the community. 15 are located in Mobile County and 6 are located in Baldwin County.

Review of Lending by Applicant Income

The 1990 Census data show that the Mobile community has approximately 175,000 households. Of these households, 26 percent are low-income, 15 percent are moderate-income (a total of 41 percent are identified as LMI), 18 percent are middle-income, and 41 percent are upper-income. The HMDA data indicate that AmSouth Bank received 27.2 percent of its applications from LMI households, which was the highest percentage when compared with the bank's competitors. When compared with the aggregate market application rate of 29.1 percent, the bank's percentage of applications from LMI households was slightly lower. The bank's percentages of applications received from middle- and upper-income households were comparable to both the competitors and the total market.

The analysis of the HMDA data revealed that the bank originated 65.7 percent of the applications received from LMI applicants. AmSouth Bank had the second lowest origination rate when compared with the competition; however, the bank's origination rate was significantly higher than the aggregate market rate of 51.4 percent. AmSouth Bank's origination rates in the middle- and upper-income categories were comparable to the competitor banks and slightly higher than the total market. The analysis of the denied applications revealed that the bank had the second highest rate of declined applications from LMI applicants when compared with the competition. This was also true in the middle- and upper-income categories. AmSouth Bank's denial rate, however, was lower than the aggregate market in all income levels.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

Mobile (Continued)

Review of Lending by Census Tract Income Level

According to the 1990 Census data, the total population of the bank's Mobile community is approximately 477,000. 11 percent of the population resides in low-income tracts, 12 percent resides in moderate-income tracts (a total of 23 percent of the community's residents live in LMI tracts), 52 percent lives in middle-income tracts, and 25 percent lives in upper-income tracts.

The 1995 HMDA data show that the bank received 4.2 percent of its applications from individuals residing in low-income tracts and 8.2 percent of its applications from persons living in moderate-income tracts. The percentage of the applications the bank received from LMI tracts was greater than both the competitor banks and the aggregate market. AmSouth Bank had the lowest percentage of applications from individuals in middle-income tracts when compared with both the competitors and the total market. The bank's application activity was comparable to the competition and the aggregate market in the upper-income category. AmSouth Bank originated 75.6 percent of the applications from low-income tracts and 66.9 percent of the applications from moderate-income tracts. These origination rates were comparable to the competitor banks and higher than the total market. An analysis of the denied applications showed that the bank declined 20.5 percent of the applications received from low-income tracts and 26 percent of the applications received from moderate-income tracts. Both of these denial rates were comparable to the bank's competition and lower than the total market. The bank's denial rates in the middle- and upper-income categories were also similar to the competitor banks and favorable when compared to the aggregate market.

Based on the analysis of AmSouth Bank's mortgage loan application activity, the bank's geographic distribution of loans for the Mobile community is satisfactory.

Based on the analyses of the geographic distribution of mortgage applications for the four communities, AmSouth Bank's overall performance in this category is reasonable.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

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

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

AmSouth Bank of Alabama currently operates 125 offices. Management has developed and approved a branch closing policy that is in compliance with section 42 of the Federal Deposit Insurance Act. The policy requires that before an office is closed, consideration must be given to such factors as the level of branch services and products offered, the demographic profile of the market, and the economic influences. Also, the policy requires management to consider information and ideas from consultations with members of the community to minimize any negative impact of an office closing. In 1995, and as of the examination date, the bank has opened two offices, relocated one office, and closed 21 offices. Management performed an appropriate analysis according to its policy before closing or relocating these offices. A review of these analyses revealed that the reasons for closing the 21 branch offices were justified.

Management periodically reviews services offered and branch office hours to ensure that the bank is serving all areas of the community. The bank's products, services, and office hours seem to be reasonable and meet the needs of the community.

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.

AmSouth Bank of Alabama solicits applications from all segments of its communities, including low- and moderate-income areas. The bank's policies and internal control procedures are adequate to ensure that the evaluation of credit applications is based solely on financial and economic considerations. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations. No practices have the intent or effect of discouraging applications.

Credit policies and procedures are reviewed periodically by management to ensure that they are nondiscriminatory toward any protected class. In addition, all of the bank's employees receive training on the requirements of Regulation B - Equal Credit Opportunity Act and the Fair Housing Act at least annually.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES (CONTINUED)

Evidence of prohibited discriminatory or other illegal credit practices.

No evidence of prohibited discrimination or other illegal credit practices was noted during the examination.

V. COMMUNITY DEVELOPMENT

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

As in the "Geographic Distribution" section of this evaluation, the review of the bank's community development activities focuses on the bank's four largest communities: Birmingham, Huntsville, Montgomery, and Mobile.

Bank management is actively involved in numerous community development and redevelopment programs and projects throughout all of the bank's communities. Officers and directors of the bank have taken leadership roles in numerous organizations that foster community development in the bank's delineated communities. In each community reviewed during the examination, AmSouth Bank has reported loans and investments that assist in community development. Details of the community development programs and activities in which the bank is involved follow.

Birmingham Business Improvement District - Operation New Birmingham - This program is designed to improve the safety, cleanliness, and overall image of the downtown Birmingham area. AmSouth Bank was one of the original organizers of this program. The program is now supported by numerous other businesses located in the downtown area. AmSouth Bank has provided large amounts of money to fund the program and keep it operating. One of the bank's senior executive vice presidents serves on the board of directors of this organization.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Discovery 2000 - This project is an educational facility that is being built in downtown Birmingham. It is anticipated that the facility will attract numerous people to the downtown area and help revitalize the area. AmSouth Bank has committed \$1 million over a five-year period. One of the bank's directors serves as the chairman of the board of Discovery 2000.

Neighborhood Housing Services of Birmingham, Inc. - This organization is the Birmingham branch of the national Neighborhood Housing Services Program. The organization emphasizes affordable housing development and home purchase educational programs for low- and moderate-income individuals. One of the bank's vice presidents serves as the chairman of the board for this organization. Additionally, the bank has contributed funds to the organization to help cover operational costs.

Operation Pride West End - This program was developed to enhance the West End area of the Birmingham community by creating affordable housing, a health clinic, and other redevelopment opportunities in the area. The organization is part of the Birmingham Enterprise Community. One of the bank's vice presidents serves on the board of directors of this organization.

Birmingham Community Development Corporation - The purpose of the corporation is to provide equity investments and loans to small businesses owned by disadvantaged individuals. AmSouth Bank is one of nine participants in this corporation. From June 1995 to March 1996, the organization has extended seven loans totaling \$622,566.

City of Huntsville - Community Development Department - This department of the city government is purchasing and renovating run-down homes in a neighborhood in the north part of Huntsville. Once the homes have been renovated, the city plans to sell the homes to low- and moderate-income individuals. AmSouth Bank has committed \$1.4 million to this program; however, there has been no funding as of the date of this examination. Bank management stated that it will make every effort to provide individual financing through the bank's Affordable Housing Program.

Central Alabama Opportunities Industrialization Center (OIC) - This organization purchases and manages multifamily housing properties in the Montgomery area. The rents for the apartments are subsidized in an effort to provide affordable housing to low- and moderate-income individuals. Since the previous examination, AmSouth Bank has renewed a loan for the OIC for an apartment complex in the western part of Montgomery.

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

Birmingham Peer Based Micro Lending Program - This program was started in February 1995 by the City of Birmingham's Office of Economic Development and the Birmingham Community Investment Partnership. The program is administered by the Neighborhood Housing Services of Birmingham, Inc. The organization provides loans to small business owners to purchase inventory and equipment. The loans are funded through a \$38,000 loan pool. AmSouth Bank's portion of this pool is \$9,500. As of June 1996, the program had extended eight loans totaling \$17,500.

Leeds Micro Loan Program - This program is part of the Leeds Empowerment Program. The purpose of the program is to increase the number of small businesses, provide economic revitalization, and make short-term capital available to small businesses. Loan amounts range from \$3,000 to \$15,000 and are limited to citizens and businesses of the city of Leeds. The program has a funding pool of \$100,000 committed entirely by AmSouth Bank. \$50,000 of the funds are guaranteed by Jefferson County. Since the previous examination, seven loans have been extended totaling \$82,900.

Business Incubator on Martin Luther King, Jr. Avenue - The purpose of this organization is to make loans to minority-owned small businesses in the targeted redevelopment area of Mobile. The loans are funded through a \$50,000 loan pool made up of monies from banks in the Mobile area. AmSouth Bank's commitment to this loan pool is \$6,800.

Drayton Place - Downtown Mobile - AmSouth Bank has participated in a loan of \$125,000. The loan proceeds are being used to revitalize the historical part of downtown Mobile. AmSouth Bank's participation in this loan is \$11,567.

As previously mentioned, officers of the bank also serve on the boards or committees of several community development organizations and programs including the following:

- C Consumer Credit Counseling Services
- C Birmingham Investment Partnership
- C Birmingham Economic Development Board
- C Titusville Development Corporation
- C Mobile Housing Board
- C Greater Mobile Development Corporation
- C Martin Luther King, Jr. Redevelopment Committee
- C Baldwin County Economic Development Agency

DISCUSSION OF INSTITUTION'S PERFORMANCE (CONTINUED)

V. COMMUNITY DEVELOPMENT (CONTINUED)

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.

The bank is a subsidiary of AmSouth Bancorporation, Birmingham, Alabama, which had total assets of approximately \$18.6 billion as of September 30, 1996. AmSouth Bancorporation has 271 offices in 4 states: 125 in Alabama, 116 in Florida, 23 in Tennessee, and 7 in Georgia. AmSouth Bank of Alabama had total assets of approximately \$10 billion according to the September 30, 1996 Consolidated Reports of Condition and Income. Details of community profiles for AmSouth Bank of Alabama are discussed in the "Geographic Distribution" section of the evaluation. There are no financial or other factors that hinder the bank's ability to meet the credit needs of its communities.

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.

AmSouth Bank of Alabama has purchased numerous local municipality investment securities. As of September 30, 1996, the bank's investment portfolio included \$145 million of Alabama state and local municipality securities. As an additional effort to enhance the quality of all of the bank's communities, AmSouth Bank has made numerous charitable contributions to nonprofit organizations throughout the state.

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.

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 ALABAMA

(Name of Bank)

BIRMINGHAM, ALABAMA

(Location)

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

*Board of Directors
AmSouth Bank of Alabama
Post Office Box 11007
Birmingham, Alabama 35288*

Dear Board Members:

Enclosed is the bank's Community Reinvestment Act Performance Evaluation prepared by Federal Reserve Examiner Michael Broadston 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.*

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.

Our Community Affairs staff is available to assist you in determining and responding to community credit needs. Please feel free to contact Mr. Courtney Duprés at (404) 589-7226. If you have any questions concerning this report or any other compliance matter, contact Ms. Dale Williams at (404) 589-7225.

Very truly yours,

Cynthia C. Goodwin

Enclosures

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Ms. Patricia Hartje
Regional Compliance Manager
Office of the Comptroller of the Currency
Marquis One Tower, Suite 600
245 Peachtree Center Avenue, N.E.
Atlanta, Georgia 30303

Dear Ms. Hartje:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for AmSouth Bank of Alabama, Birmingham, Alabama, as of October 7, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Mr. Joel Palmer
Assistant Director II
Regional Operations - Compliance
Office of Thrift Supervision
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

Dear Mr. Palmer:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for AmSouth Bank of Alabama, Birmingham, Alabama, as of October 7, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

FEDERAL RESERVE BANK OF ATLANTA

Cynthia C. Goodwin
ASSISTANT VICE PRESIDENT

Mr. Jimmy Loyless
Regional Director
Federal Deposit Insurance Corporation
One Atlantic Center, Suite 1600
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3449

Dear Mr. Loyless:

Enclosed for your information is a copy of the Community Reinvestment Act Performance Evaluation for AmSouth Bank of Alabama, Birmingham, Alabama, as of October 7, 1996.

A copy of our letter of transmittal to the bank's board of directors is also enclosed.

Very truly yours,

Cynthia C. Goodwin

Enclosures

PUBLIC DISCLOSURE

*COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION*

Name of Bank: AmSouth Bank of Alabama

City and State: Birmingham, Alabama

Date of Examination: October 7, 1996