ALABAMA NATIONAL BANCORPORATION
Form 10-Q
May 14, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2001

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-25160

ALABAMA NATIONAL BANCORPORATION
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	63-1114426
(State of Incorporation)	(I.R.S. Employer Identification No.)

1927 First Avenue North, Birmingham, Alabama 35203-4009
(Address of principal executive office)

Registrant's telephone number, including area code: (205) 583-3600

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No_____

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 10, 2001
Common Stock, $1.00 Par Value	11,814,528

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ALABAMA NATIONAL BANCORPORATION AND SUBSIDIARIES

PART 1. FINANCIAL INFORMATION

PART II. OTHER INFORMATION

FORWARD-LOOKING INFORMATION

Statements contained in this Quarterly Report on Form 10-Q that are not historical facts are forward-looking statements. In addition, Alabama National BanCorporation ("Alabama National"), through its senior management, from time to time makes forward-looking public statements concerning its expected future operations and performance and other developments. Such forward-looking statements are necessarily estimates reflecting Alabama National's best judgment based upon current information and involve a number of risks and uncertainties, and various factors could cause results to differ materially from those contemplated by such forward-looking statements. Such factors could include those identified from time to time in Alabama National's Securities and Exchange Commission filings and other public announcements. Alabama National undertakes no obligation to revise these statements following the date of this Quarterly Report on Form 10-Q. With respect to the adequacy of the allowance for loan losses for Alabama National, these factors include the rate of growth in the economy, especially in the Southeast, the relative strength and weakness in the consumer and commercial credit sectors and in the real estate markets and the performance of the stock and bond markets.

Part I - Financial Information

Item 1 - Financial Statements (Unaudited)
Alabama National BanCorporation and Subsidiaries
Consolidated Statements of Condition
(In thousands, except share amounts)

	March 31, 2001
Assets	
Cash and due from banks	$ 83,769
Interest-bearing deposits in other banks	21,622
Investment securities (market value $116,051 and $61,485, respectively)	114,537
Securities available for sale	295,972
Trading securities	14
Federal funds sold and securities purchased under resell agreements	85,996
Loans held for sale	27,438
Loans	1,726,812
Unearned income	(1,066)
Loans, net of unearned income	1,725,746
Allowance for loan losses	(22,798)
Net loans	1,702,948
Property, equipment and leasehold improvements, net	52,297
Intangible assets	13,495
Cash surrender value of life insurance	44,215
Receivable from investment division customers	37,230
Other assets	36,752
Totals	$ 2,516,285
Liabilities and Stockholders' Equity	
Deposits:	
Noninterest bearing	$ 284,693
Interest bearing	1,594,616
Total deposits	1,879,309
Federal funds purchased and securities sold under repurchase agreements	213,205
Treasury, tax and loan accounts	173
Short-term borrowings	33,000
Payable for securities purchased for investment division customers	32,244
Accrued expenses and other liabilities	32,682
Long-term debt	147,906
Total liabilities	2,338,519
Common stock, $1 par, authorized 17,500,000 shares; issued 11,921,628 shares at March 31, 2001 and December 31, 2000	11,922
Additional paid-in capital	86,506
Retained earnings	80,726

Treasury stock at cost, 128,468 and 136,099 shares at March 31, 2001 and December 31, 2000, respectively	(3,239)
Accumulated other comprehensive income (loss), net of tax	1,851
Total stockholders' equity	177,766
Totals	$ 2,516,285

See accompanying notes to unaudited consolidated financial statements

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Alabama National BanCorporation and Subsidiaries
Consolidated Statements of Income (Unaudited)

(In thousands, except per share data)

	For the three months ended March 31, 2001	2000
Interest income:		
Interest and fees on loans	$ 38,279	$ 31,429
Interest on securities	6,758	5,980
Interest on deposits in other banks	69	56
Interest on trading securities	26	40
Interest on Federal funds sold and securities purchased under resell agreements	693	754
Total interest income	45,825	38,259
Interest expense:		
Interest on deposits	20,248	15,195
Interest on Federal funds purchased and securities sold under repurchase agreements	2,636	1,815
Interest on long and short-term borrowings	2,602	2,101
Total interest expense	25,486	19,111
Net interest income	20,339	19,148
Provision for loan losses	593	566
Net interest income after provision for loan losses	19,746	18,582
Noninterest income:		
Securities gains	--	--
Gain (loss) on disposition of assets	21	(2)
Service charges on deposit accounts	2,215	1,951
Investment services income	3,706	1,264
Securities brokerage income	1,712	1,304
Trust department income	670	570
Origination and sale of mortgage loans	1,315	788
Bank owned life insurance	548	477
Insurance commissions	515	587
Other	1,105	855

Total noninterest income	11,807	7,794

Alabama National BanCorporation and Subsidiaries
Consolidated Statements of Income (Unaudited) (Continued)

(In thousands, except per share data)

	For the three mont ended March 31, 2001
Noninterest expense:	
Salaries and employee benefits	11,291
Commission based compensation	3,044
Occupancy and equipment expenses	2,532
Other	6,092
Total noninterest expense	22,959
Income before provision for income taxes	8,594
Provision for income taxes	2,751
Net income	$ 5,843
Net income per common share (basic)	$ .50
Weighted average common shares outstanding (basic)	11,788
Net income per common share (diluted)	$ .49
Weighted average common and common equivalent shares outstanding (diluted)	12,027

See accompanying notes to unaudited consolidated financial statements

Alabama National BanCorporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands)

For the three months
ended March 31,

	2001	2000
Net income	$ 5,843	$ 5,956
Other comprehensive income (loss):		
Unrealized gains (losses) on securities available for sale	4,047	(662)
Less: Reclassification adjustment for net gains included in net income	--	--
Other comprehensive income (loss), before tax	4,047	(662)
Provision for (benefit from) income taxes related to items of other comprehensive income	1,382	(289)
Other comprehensive income (loss), net of tax	2,665	(373)
Comprehensive income	$ 8,508	$ 5,583

See accompanying notes to unaudited consolidated financial statements

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Alabama National BanCorporation and Subsidiaries
Consolidated Statements of Cash Flows (Unaudited)

(In thousands)

	For the thr ended Mar
	2001
Net cash flows provided by operating activities	$ 10,757
Cash flows from investing activities:	
Proceeds from maturities of investment securities	5,256
Purchases of investment securities	(59,032)
Purchases of securities available for sale	(29,045)
Proceeds from sale of securities available for sale	--
Proceeds from maturities of securities available for sale	62,456
Net (increase) decrease in interest bearing deposits in other banks	(13,992)
Net (increase) decrease in Federal funds sold and securities purchased under resell agreements	(55,736)
Net increase in loans	(38,185)
Purchases of property, equipment and leasehold improvements	(1,248)
Premiums returned (cash paid) for bank-owned life insurance	791
Costs capitalized on other real estate owned	--
Proceeds from sale of other real estate owned	303
Proceeds from sale of property, equipment and leasehold improvements	51
Net cash used in investing activities	(128,381)
Cash flows from financing activities:	
Net increase in deposits	72,214
Increase (decrease) in Federal funds purchased and securities sold	

under agreements to repurchase	46,625
Net increase (decrease) in short and long-term borrowings and capital leases	4,814
Exercise of stock options	(14)
Changes incidental to merger	(10)
Dividends on common stock	(2,712)
Net cash provided by financing activities	120,917
Increase in cash and cash equivalents	3,293
Cash and cash equivalents, beginning of period	80,476
Cash and cash equivalents, end of period	$ 83,769
Supplemental schedule of noncash investing and financing activities	
Acquisition of collateral in satisfaction of loans	$ 1,468
Adjustment to market value of securities available for sale, net of deferred income taxes	$ 2,665

See accompanying notes to unaudited consolidated financial statements

ALABAMA NATIONAL BANCORPORATION AND SUBSIDIARIES
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2001

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2001 are subject to year-end audit and are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2001. These interim financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in Alabama National's Form 10-K for the year ended December 31, 2000.

NOTE B - COMMITMENT AND CONTINGENCIES

Alabama National's subsidiary banks make loan commitments and incur contingent liabilities in the normal course of business, which are not reflected in the consolidated statements of condition.

NOTE C - RECENTLY ISSUED PRONOUNCEMENTS

Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement No. 125

Effective January 1, 2001, Alabama National BanCorporation adopted Statement of Financial Accounting Standards No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement No. 125 ("Statement 140"). Statement 140 is effective for transfers occurring after March 31, 2001 and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. Since Alabama National BanCorporation has not entered into any securitization or asset transfer transactions, there has been no financial statement impact since the adoption of this statement.

Derivative Investments and Hedging Activities

Effective January 1, 2001, Alabama National BanCorporation adopted Statement of Financial Accounting Standard No. 133, Accounting for Derivative Instruments and Hedging Activities, ("Statement 133"). Statement 133 standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, by requiring that an entity recognize those items as assets or liabilities in the statement of financial position and measure them at fair value. If certain conditions are met, an entity may elect to designate a derivative instrument as a hedging instrument. Statement 133 generally provides for matching the timing of gain or loss recognition on the hedging instrument with the recognition of (a) the changes in the fair value of the hedged asset or liability that are attributable to the hedged risk or (b) the earnings effect of the hedged forecasted transaction. Statement 133, as amended by Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of SFAS No. 133, and by Statement of Financial Accounting Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities - An Amendment of SFAS No. 133, is effective for fiscal years beginning after June 15, 2000, and is effective for interim periods in the initial year of adoption. Alabama National's derivative activities at March 31, 2001, relate solely to the interest rate lock commitments (IRLCs), which Alabama National has entered into with certain customers for specific short-term periods of time. These IRLCs relate to prospective mortgage loans, which Alabama National originates and then immediately transfers to secondary mortgage servicers. The transfer of these IRLCs allows Alabama National to pass financial risk associated with potential changes in interest rates on to secondary mortgage servicers. Alabama National also reduces its financial risk associated with mortgage lending by utilizing "best efforts" agreements with secondary mortgage servicers. These agreements relieve Alabama National of its liability to deliver if a mortgage loan fails to close.

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The adoption of Statement 133 as of January 1, 2001, did not have a material impact on the financial position or results of operations of Alabama National BanCorporation, as of and for the period ended March 31, 2001.

NOTE D - MERGERS AND ACQUISITIONS

On January 31, 2001, Peoples State Bank of Groveland merged with a newly formed subsidiary of Alabama National, whereby Peoples State Bank became a wholly owned subsidiary of Alabama National. Pursuant to the Peoples State Bank merger each share of Peoples State Bank common stock was converted into 1.164 shares of Alabama National common stock. A total of 734,609 shares of Alabama National common stock were issued to Peoples State Bank shareholders. The Peoples State Bank merger was accounted for as a pooling of interests and, accordingly, financial statements for all periods have been restated to reflect the results of operations of the companies on a combined basis from the earliest period presented, except dividends per share.

Separate results of Alabama National and Peoples State Bank are presented below:

	Three months ended	
	March 31, 2001	March 31, 2000
Net interest income		
Alabama National BanCorporation	$ 18,979	$ 17,908
Peoples State Bank	1,360	1,240
As currently reported	$ 20,339	$ 19,148
Net income		
Alabama National BanCorporation(1)	$ 5,879	$ 5,658
Peoples State Bank (2)	(36)	298
As currently reported	$ 5,843	$ 5,956

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(1) Includes $314,000 of after-tax merger-related expenses during the three months ended March 31, 2001.

(2) Includes $467,000 of after-tax merger-related expenses during the three months ended March 31, 2001.

NOTE E - EARNINGS PER SHARE

The following table reflects the reconciliation of the numerator and denominator of the basic earnings per share computation to the diluted earnings per share computation for the quarters ended March 31, 2001 and 2000.

	Income	Shares	Per Share Amount
	(In thousands, except per share amounts)		
THREE MONTHS ENDED MARCH 31, 2001			
Basic EPS net income	$ 5,843	11,788	$ 0.50
Effect of dilutive securities	-	239	
Diluted EPS	$ 5,843	12,027	$ 0.49
THREE MONTHS ENDED MARCH 31, 2000			
Basic EPS net income	$ 5,956	11,801	$ 0.50
Effect of dilutive securities	-	129	
Diluted EPS	$ 5,956	11,930	$ 0.50

NOTE F - SEGMENT REPORTING

Alabama National's reportable segments represent the distinct major product lines it offers and are viewed separately for strategic planning purposes by management. The following table is a reconciliation of the reportable segment revenues, expenses and profit to Alabama National's consolidated totals (in thousands).

	Investment Services Division	Securities Brokerage Division	Trust Division	Mortgage Lending Division	Insurance Division	Retail Commerc Banki
Three months ended March 31, 2001:						
Interest income	$ -	$ 706	$ -	$ 178	$ 5	$ 45,51
Interest expenses		220		137	3	25,23
Net interest income		486		41	2	20,27
Provision for loan losses						59
Noninterest income	3,706	1,712	670	1,358	515	3,83
Noninterest expense	2,694	1,891	352	902	503	15,43
Net income before tax	$ 1,012	$ 307	$ 318	$ 497	$ 14	$ 8,07
Three months ended March 31, 2000:						
Interest income	$ -	$ 644	$ -	$ 87	$ 3	$ 38,08
Interest expenses		273		55	2	19,04
Net interest income		371		32	1	19,04
Provision for loan losses						56
Noninterest income	1,264	1,304	570	846	587	3,21
Noninterest expense	1,219	1,413	331	637	522	12,85
Net income before tax	$ 45	$ 262	$ 239	$ 241	$ 66	$ 8,83

Corporate overhead is comprised of compensation and benefits for certain members of management, merger related costs, interest expense on parent company debt, amortization of intangibles and other expenses.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Basis of Presentation

The following is a discussion and analysis of the consolidated financial condition of Alabama National and results of operations as of the dates and for the periods indicated. On January 31, 2001, Peoples State Bank of Groveland merged with a newly formed subsidiary of Alabama National, whereby Peoples State Bank became a wholly owned subsidiary of Alabama National. Pursuant to the Peoples State Bank merger each share of Peoples State Bank common stock was converted into 1.164 shares of Alabama National common stock. A total of 734,609 shares of Alabama National common stock were issued to Peoples State Bank shareholders. The Peoples State Bank merger was accounted for as a pooling of interests and, accordingly, financial statements for all periods have been restated to reflect the results of operations of the companies on a combined basis from the earliest period presented, except dividends per share. All significant intercompany accounts and transactions have been eliminated. The accounting and reporting policies of Alabama National conform with generally accepted accounting principles and with general financial services industry practices.

This information should be read in conjunction with Alabama National's unaudited consolidated financial statements and related notes appearing elsewhere in this report and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in Alabama National's Annual Report on Form 10-K for the year ended December 31, 2000.

Performance Overview

During the three month period ended March 31, 2001, Alabama National completed the acquisition of Peoples State Bank and incurred various expenses related to the acquisition. The table below compares net income, earnings per share, return on average assets and return on average stockholders' equity for the three month period ended March 31, 2001, showing the effect of these merger-related expenses.

EFFECTS OF MERGER-RELATED EXPENSES
(Amounts in thousands, except per share data and percentages)

	Three Mon March 31,
Net income, before tax-effected merger-related expenses	$ 6
After-tax merger-related and associated restructuring charges	
Net income	$ 5
Diluted income per common share, before tax-effected merger-related expenses	$
Effect of after-tax merger-related and associated restructuring charges	(
Diluted net income per common share	$
Return on average assets, before tax-effected merger-related expenses	
Effect of after-tax merger-related and associated restructuring charges	
Return on average assets	
Return on average equity, before tax-effected merger-related expenses	1
Effect of after-tax merger-related and associated restructuring charges	(

Return on average equity, before tax-effected merger-related expenses..............	1

Alabama National's net income for the three month period ended March 31, 2001 (the "2001 three months") was $5.84 million compared to $5.96 million for the three months ended March 31, 2000 (the "2000 three months"). Net income per diluted common share for the 2001 three months and the 2000 three months was $0.49 and $0.50, respectively. Excluding after tax merger-related charges relating to the Peoples State Bank merger, Alabama National's net income for the 2001 three months was $6.62 million compared to $5.96 million for the 2000 three months, and net income per diluted common share for the 2001 three months and the 2000 three months was $0.55 and $0.50, respectively.

The annualized return on average assets for Alabama National was 0.98% and 1.17% for the 2001 three months and the 2000 three months, respectively. On an operating basis, the annualized return on average equity was 1.12% and 1.17% for the 2001 three months and the 2000 three months, respectively. The annualized return on average stockholders' equity decreased for the 2001 three months to 13.48%, as compared to 16.16% for the 2000 three months. On an operating basis, the annualized return on average stockholders' equity decreased for the 2001 three months to 15.28%, as compared to 16.16% for the 2000 three months. Book value per share at March 31, 2001 was $15.07, an increase of $0.51 from year-end 2000. Tangible book value per share at March 31, 2001 was $13.93, an increase of $0.59 from year-end 2000. Alabama National paid cash dividends totaling $0.23 on common shares during the 2001 three months, compared to $0.21 paid on common shares during the 2000 three months.

Net Income

The net income for the 2001 three months includes after-tax merger-related charges relating to the Peoples State Bank merger totaling $781,000. These charges pre-tax consist of approximately $135,000 in legal and accounting fees, $385,000 in employment-related expenses, $300,000 in advisory fees/commissions, $121,000 in technology conversion charges, and $57,000 in other charges. The merger related charges were substantially offset by growth in noninterest income and net interest income, which is the difference between the income earned on interest bearing assets and the interest paid on deposits and borrowings used to support such assets. Net interest income in the 2001 three months totaled $20.3 million compared to $19.1 million during the 2000 three months, an increase of $1.2 million, or 6.2%. Noninterest income in the 2001 three months totaled $11.8 million compared to $7.8 million during the 2000 three months, an increase of $4.0 million, or 51.5%. The increased net interest income and noninterest income were offset by an increase in noninterest expense of $5.2 million to $23.0 million for the 2001 three months, compared with $17.8 million for the 2000 three months, an increase of 29.3%.

Average earning assets for the 2001 three months increased by approximately $340.9 million as compared to the 2000 three months, as average interest-bearing liabilities increased $309.5 million. The average taxable equivalent rate earned on assets was 8.50% for the 2001 three months compared to 8.34% for the 2000 three months. The average rate paid on interest-bearing liabilities was 5.34% for the 2001 three months compared to 4.73% for the 2000 three months. The net interest margin for the 2001 three months was 3.75%, compared to 4.15% for the 2000 three months. The reduction in net interest margin resulted because the rate paid on interest-bearing liabilities increased more rapidly than the yield earned on average earning assets, due to Alabama National's reliance on more costly funding sources.

The following table depicts, on a taxable equivalent basis for the 2001 and 2000 three months, certain information related to Alabama National's average balance sheet and its average yields on assets and average costs of liabilities. Such yields or costs are derived by dividing income or expense by the average daily balance of the associated assets or liabilities.

AVERAGE BALANCES, INCOME AND EXPENSES AND RATES
(Amounts in thousands, except yields and rates)

	Three months ended			
	2001			
	Average Balance	Income/ Expense	Yield/ Cost	
Assets:				
Earning assets:				
Loans (1) (3)..	$ 1,730,094	$ 38,344	8.99%	$1
Securities:				
Taxable..	380,464	6,379	6.80	
Tax exempt.......................................	30,281	574	7.69	
Cash balances in other banks........................	6,577	69	4.25	
Funds sold..	48,864	693	5.75	
Trading account securities..........................	1,574	26	6.70	
Total earning assets (2)........................	2,197,854	46,085	8.50	1
Cash and due from banks..............................	81,501			
Premises and equipment...............................	52,127			
Other assets...	99,800			
Allowance for loan losses............................	(22,635)			
Total assets....................................	2,408,647			$2
Liabilities:				
Interest-bearing liabilities:				
Interest-bearing transaction accounts...............	$ 291,564	2,434	3.39	$
Savings deposits....................................	307,153	2,722	3.59	
Time deposits.......................................	965,129	15,092	6.34	
Funds purchased.....................................	189,982	2,636	5.63	
Other short-term borrowings.........................	42,708	689	6.54	
Long-term debt......................................	139,566	1,913	5.56	
Total interest-bearing liabilities.............	1,936,102	25,486	5.34	1
Demand deposits......................................	244,615			
Accrued interest and other liabilities...............	52,121			
Stockholders' equity.................................	175,809			
Total liabilities and stockholders' equity.........	$ 2,408,647			$2

Net interest spread		3.16%
Net interest income/margin on a taxable equivalent basis	20,599	3.80%
Tax equivalent adjustment (2)	260	
Net interest income/margin	$ 20,339	3.75%

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(1) Average loans include nonaccrual loans. All loans and deposits are domestic.

(2) Tax equivalent adjustments are based upon assumed tax rate of 34%, and do not reflect the disallowance for Federal income tax purposes of interest expense related to certain tax exempt assets.

(3) Fees in the amount of $1,061,000 and $819,000 are included in interest and fees on loans for the three months ended March 31, 2001 and 2000, respectively.

The following table sets forth, on a taxable equivalent basis, the effect which varying levels of earning assets and interest-bearing liabilities and the applicable rates had on changes in net interest income for the 2001 three months compared to the 2000 three months. For the purposes of this table, changes which are not solely attributable to volume or rate are allocated to volume and rate on a pro rata basis.

ANALYSIS OF CHANGES IN NET INTEREST INCOME
(Amounts in thousands)

	Three Months Ended March 31, 2001 Compared to 2000 Variance Due to		
	Volume	Yield/Rate	Total
Earning assets:			
Loans	$ 6,200	$ 662	$ 6,862
Securities:			
Taxable	1,158	(385)	773
Tax exempt	(187)	199	12
Cash balances in other banks	93	(80)	13
Funds sold	(29)	(32)	(61)
Trading account securities	(28)	14	(14)
Total interest income	7,207	378	7,585
Interest-bearing liabilities:			
Interest-bearing transaction accounts	396	264	660
Savings and money market deposits	(556)	533	(23)
Time deposits	2,709	1,707	4,416
Funds purchased	741	13	754

Other short-term borrowings................	292	(41)	251
Long-term debt.............................	224	93	317
Total interest expense................	3,806	2,569	6,375
Net interest income on a taxable equivalent basis...................	$ 3,401	$(2,191)	1,210
Taxable equivalent adjustment.............			(19)
Net interest income.......................			$ 1,191

The provision for loan losses represents a charge to current earnings necessary to maintain the allowance for loan losses at an appropriate level based on management's analysis of the potential risk in the loan portfolio. The amount of the provision is a function of the level of loans outstanding, the level of non-performing loans, historical loan loss experience, the amount of loan losses actually charged against the allowance during a given period and current economic conditions. The provision for loan losses was $593,000 for the 2001 three months, compared to $566,000 recorded in the 2000 three months. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, was 1.32% at March 31, 2001, compared to 1.31% at December 31, 2000.

Because of the inherent uncertainty of assumptions made during the assessment process, there can be no assurance that loan losses in future periods will not exceed the allowance for loan losses or that additional allocations to the allowance will not be required. See Asset Quality.

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Total noninterest income for the 2001 three months was $11.8 million, compared to $7.8 million for the 2000 three months, an increase of 51.5%. The components of noninterest income include service charges on deposits, investment services revenue, securities brokerage revenue, trust department revenue, insurance commissions, and fees relating to the origination and sale of mortgage loans. Service charges on deposits were $2.2 million in the 2001 three months, compared to $2.0 million in the 2000 three months. Revenue from the investment division totaled $3.7 million in the 2001 three months, an increase of $2.4 million, or 193.2%, as compared to $1.3 million recorded in the 2000 three months. The substantial increase in revenue in the investment division was due to increased liquidity of community banks served by this division and the decline of falling interest rates during the 2001 three months, both of which led to increased demand for fixed income securities by its customers. The securities brokerage revenue increased 31.3% to $1.7 million in the 2001 three months, compared to $1.3 million for the 2000 three months. This increase is attributable to continued expansion in the number of customers and total customer assets under management by the securities brokerage division. Trust fee revenue increased 17.5% from the 2000 three months to $670,000. Insurance commissions decreased 12.3% from the 2000 three months to $515,000. Fees generated from the origination and sale of mortgages increased to $1.3 million for the 2001 three months from $788,000 in the 2000 three months, representing a 66.9% increase. This increase is primarily a result of declining interest rates and the impact the interest rate environment has on refinancing and new mortgage origination activity. Other noninterest income for the 2001 three months was $1.1 million, compared to $855,000 for the 2000 three months.

Noninterest expense was $23.0 million for the 2001 three months, compared to

$17.8 million for the 2000 three months. The 2001 three months includes $997,000 of merger-related charges associated with the acquisition of Peoples State Bank. Noninterest expense includes salaries and employee benefits, occupancy and equipment expenses and other expenses. Salaries and employee benefits were $11.3 million for the 2001 three months compared to $9.5 million for the 2000 three months. The increase in salaries and employee benefits represents general staffing increases concurrent with expansion of offices and business lines and merit compensation increases. Commission based compensation was $3.0 million for the 2001 three months compared to $1.1 million for the 2000 three months. The increase in commission based compensation is attributable to increased production in the mortgage, securities brokerage and investment divisions. Net occupancy expenses increased $425,000, or 20.2%, during the 2001 three months. The 2001 three months includes a full quarter of expenses related to three banking branches opened during 2000 and the acquisition of two banking branches during August of 2000. Other noninterest expense increased to $6.1 million in the 2001 three months, compared with $5.1 million in the 2000 three months.

Income tax expense was $2.8 million for the 2001 three months, compared to $2.7 million for the 2000 three months. The effective tax rates for the 2001 three months and 2000 three months were 32.0% and 30.9%, respectively. The increase in the effective tax rate for the 2001 three months is due to merger-related charges that are not deductible for federal or state taxes. These effective tax rates are also impacted by other items of income and expense that are not subject to federal or state taxation.

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Earning Assets

Loans comprised the largest single category of Alabama National's earning assets on March 31, 2001. Loans, net of unearned income, were $1.73 billion or 68.6% of total assets at March 31, 2001, compared to $1.71 billion or 72.5% at December 31, 2000. Loans grew $14.9 million, or 0.87%, during the 2001 three months. The following table details the composition of the loan portfolio by category at the dates indicated:

COMPOSITION OF LOAN PORTFOLIO
(Amounts in thousands, except percentages)

	March 31, 2001		December 31	
	Amount	Percent of Total	Amount	o
Commercial, financial and agricultural	$ 275,510	15.96%	$ 275,107	
Real estate:				
Construction	190,014	11.00	185,814	
Mortgage - residential	499,419	28.92	490,152	
Mortgage - commercial	508,889	29.47	498,858	
Mortgage - other	3,866	.22	4,238	
Consumer	77,983	4.52	79,458	
Lease financing receivables	58,794	3.40	58,668	
Securities brokerage margin loans	25,489	1.48	29,901	
Other	86,848	5.03	89,700	

Total gross loans	1,726,812	100.00%	1,711,896
Unearned income	(1,066)		(1,086)
Total loans, net of unearned income	1,725,746		1,710,810
Allowance for loan losses	(22,798)		(22,368)
Total net loans	$ 1,702,948		$1,688,442

The carrying value of investment securities increased $53.8 million in the 2001 three months. During the 2001 three months, Alabama National purchased $59.0 million of investment securities and received $5.3 million from maturities, including principal paydowns of mortgage backed securities.

The carrying value of securities available for sale decreased $29.3 million in the 2001 three months. During the 2001 three months, purchases of available for sale securities totaled $29.0 million and maturities, calls, and sales of available

for sale securities totaled $62.5 million. Unrealized gains on available for sale securities totaled $1.4 million net of income taxes, during the 2001 three months.

Trading account securities, which had a balance of $14,000 at March 31, 2001, are securities owned by Alabama National prior to sale and delivery to Alabama National's customers. It is the policy of Alabama National to limit positions in such securities to reduce its exposure to market and interest rate changes. Federal funds sold and securities purchased under agreements to resell totaled $86.0 million at March 31, 2001 and $30.3 million at December 31, 2000.

Deposits and Other Funding Sources

Deposits increased $72.2 million from December 31, 2000, to $1.88 billion at March 31, 2001. All categories of deposits experienced growth during the 2001 three months, except for savings accounts and money markets which decreased slightly.

Federal funds purchased and securities sold under agreements to repurchase totaled $213.2 million at March 31, 2001, an increase of $46.6 million from December 31, 2000. The treasury, tax and loan account decreased to $173,000 at March 31, 2001, compared with $900,000 at December 31, 2000. Short-term borrowings at March 31, 2001 totaled $33.0 million, including a note payable to a third party bank of $28.0 million and advances from the Federal Home Loan Bank ("FHLB") totaling $5.0 million.

Alabama National's short-term borrowings at March 31, 2001 and December 31, 2000 is summarized as follows:

SHORT-TERM BORROWINGS
(Amounts in thousands)

	March 31, 2001
Note payable to third party bank under secured master note agreement; rate varies with LIBOR and was 5.73% and 7.4318% at March 31, 2001 and December 31, 2000, respectively; collateralized by the Company's stock in subsidiary banks.	$28,000
FHLB debt due at various maturities ranging from April 23, 2001 through October 12, 2001; bearing interest at fixed and variable rates ranging from 5.08375% to 6.40% and 6.40% to 6.7575% at March 31, 2001 and December 31, 2000, respectively; collateralized by FHLB stock and certain first mortgages. Several of these notes were called or refinanced during the first quarter of 2001.	5,000
FHLB open ended note payable; rate varies daily based on the FHLB Daily Rate Credit interest price and was 6.35% at December 31, 2000; collateralized by FHLB stock and certain first mortgage loans. This note was repaid during the first quarter of 2001.	
Total short-term borrowings	$33,000

Alabama National's long-term debt at March 31, 2001 and December 31, 2000 is summarized as follows:

LONG-TERM DEBT
(Amounts in thousands)

	March 31, 2001
FHLB debt due April 23, 2004; rate varies with LIBOR and was 5.33125% and 6.48% at March, 31, 2001 and December 31, 2000, respectively; rate changes to 5.02% from April 23, 2001 to April 23, 2004; convertible at the option of the FHLB on April 23, 2001 to a three month LIBOR advance; collateralized by FHLB stock and certain first mortgage loans.	$ 13,700
FHLB debt due at various maturities ranging from November 5, 2003 through January 12, 2011; bearing interest at fixed rates ranging from 4.49% to 6.00% and 4.74% to 6.00% at March 31, 2001 and December 31, 2000, respectively; convertible at the option of the FHLB at dates ranging from May 10, 2001 to March 26, 2003; collateralized by FHLB stock, certain first mortgage loans and pledged available for sale securities.	109,000
FHLB debt due February 11, 2003; interest rate varies with LIBOR and was 6.2275% and 6.5275% at March 31, 2001 and December 31, 2000, respectively; collateralized by FHLB stock and certain first mortgage loans.	25,000

Various notes payable	27
Capital leases payable	179
	$147,906

Asset Quality

Nonperforming loans are comprised of loans past due 90 days or more and still accruing interest, loans accounted for on a nonaccrual basis and loans in which the terms have been restructured to provide a reduction or deferral of interest or principal because of a deterioration in the financial position of the borrower. At March 31, 2001, Alabama National had no loans past due 90 days or more and still accruing interest. Accrual of interest is discontinued on a loan when management believes, after considering economic and business conditions and collection efforts, that the borrower's financial condition is such that the collection of interest is doubtful. It is Alabama National's policy to place a delinquent loan on nonaccrual status when it becomes 90 days or more past due. When a loan is placed on nonaccrual status, all interest that is accrued on the loan is reversed and deducted from earnings as a reduction of reported interest. No additional interest is accrued on the loan balance until the collection of both principal and interest becomes reasonably certain. When a problem loan is finally resolved, there may ultimately be an actual writedown or charge-off of the principal balance of the loan which would necessitate additional charges to the allowance for loan losses.

At March 31, 2001, nonperforming assets totaled $6.2 million, compared to $5.1 million at year-end 2000. Nonperforming assets as a percentage of period-end loans plus other real estate were 0.36% at March 31, 2001, compared to 0.30% at December 31, 2000. The following table presents Alabama National's nonperforming assets for the dates indicated.

NONPERFORMING ASSETS
(Amounts in thousands, except percentages)

	March 31, 2001	December 31, 2000
Nonaccrual loans	$ 4,128	$ 3,642
Restructured loans	--	--
Loans past due 90 days or more and still accruing..	--	--
Total nonperforming loans	4,128	3,642
Other real estate owned	2,039	1,468
Total nonperforming assets	$ 6,167	$ 5,110

Allowance for loan losses to period-end loans	1.32%	1.31%
Allowance for loan losses to period-end nonperforming loans	552.28	614.17
Allowance for loan losses to period-end nonperforming assets	369.68	437.73
Net charge-offs to average loans	0.04	0.04
Nonperforming assets to period-end loans and other real estate owned	0.36	0.30
Nonperforming loans to period-end loans	0.24	0.21

Net loan charge-offs for the 2001 three months totaled $163,000, or less than 0.04% (annualized) of average loans for the period. The allowance for loan losses as a percentage of total loans, net of unearned income, was 1.32% at March 31, 2001, compared to 1.31% at December 31, 2000. The following table analyzes activity in the allowance for loan losses for the 2001 three months.

ANALYSIS OF THE ALLOWANCE FOR LOAN LOSSES
For the Three Months Ended March 31, 2001
(Amounts in thousands, except percentages)

Allowance for loan losses at beginning of period	$ 22,368
Charge-offs:	
Commercial, financial and agricultural........	92
Real estate - mortgage	54
Consumer	279
Total charge-offs	425
Recoveries:	
Commercial, financial and agricultural........	55
Real estate - mortgage	116
Consumer	91
Total recoveries	262
Net charge-offs	163
Provision for loan losses	593
Allowance for loan losses at end of period..............................	$ 22,798

The loan portfolio is periodically reviewed to evaluate the outstanding loans and to measure both the performance of the portfolio and the adequacy of the allowance for loan losses. This analysis includes a review of delinquency trends, actual losses and internal credit ratings. Based on this analysis, management considers the allowance for loan losses at March 31, 2001, to be adequate to cover possible loan losses in the portfolio as of that date. However, because of the inherent uncertainty of assumptions made during the evaluation process, there can be no assurance that loan losses in future periods will not exceed the allowance for loan losses or that additional allocations to the allowance will not be required.

Interest Rate Sensitivity

Alabama National monitors and manages the pricing and maturity of its assets and liabilities in order to diminish the potential adverse impact that changes in interest rates could have on net interest income. The principal monitoring technique employed by Alabama National is simulation analysis, which technique is augmented by "gap" analysis.

In simulation analysis, Alabama National reviews each individual asset and liability category and its projected behavior in various different interest rate environments. These projected behaviors are based upon management's past experiences and upon current competitive environments, including the various environments in the different markets in which Alabama National competes. Using this projected behavior and differing rate scenarios as inputs, the simulation analysis generates as output a projection of net interest income. Alabama National also periodically verifies the validity of this approach by comparing actual results with those that were projected in previous models. See Market Risk.

Another technique used by Alabama National in interest rate management is the measurement of the interest sensitivity "gap," which is the positive or negative dollar difference between assets and liabilities that are subject to interest rate repricing within a given period of time. Interest rate sensitivity can be managed by repricing assets and liabilities, selling securities available for sale, replacing an asset or liability at maturity or by adjusting the interest rate during the life of an asset or liability.

Alabama National evaluates interest sensitivity risk and then formulates guidelines regarding asset generation and repricing, and sources and prices of off-balance sheet commitments in order to decrease interest sensitivity risk. Alabama National uses computer simulations to measure the net income effect of various interest rate scenarios. The modeling reflects interest rate changes and the related impact on net income over specified periods of time.

The following table illustrates Alabama National's interest rate sensitivity at March 31, 2001, assuming relevant assets and liabilities are collected and paid, respectively, based upon historical experience rather than their stated maturities.

INTEREST SENSITIVITY ANALYSIS
(Amounts in thousands, except ratios)

	March 31		
	Zero Through Three Months	After Three Through Twelve Months	On Thro Thr Yea
Assets:			
Earning assets:			
Loans (1)	$ 861,082	$ 188,026	$ 329
Securities (2)	35,201	58,279	120
Trading securities	14	-	
Interest-bearing deposits in other banks	21,622	-	
Funds sold	85,996	-	
Total interest-earning assets	$1,003,915	$ 246,305	$ 449
Liabilities:			
Interest-bearing liabilities:			
Interest-bearing deposits:			
Demand deposits	$ 97,861	$ -	$
Savings and money market deposits	118,280	-	
Time deposits (3)	267,815	601,724	87
Funds purchased	213,205	-	
Short-term borrowings (4)	31,173	2,000	
Long-term debt	38,705	52	5
Total interest-bearing liabilities	$ 767,039	$ 603,776	$ 92
Period gap	$ 236,876	$(357,471)	$ 357
Cumulative gap	$ 236,876	$(120,595)	$ 236
Ratio of cumulative gap to total earning assets	10.50%	-5.35%	1

(1) Excludes nonaccrual loans of $4,128,000.
(2) Excludes available for sale equity securities of $11,125,000.
(3) Excludes matured certificates which have not been redeemed by the customer and on which no interest is accruing.
(4) Includes treasury, tax and loan account of $173,000.

Alabama National generally benefits from increasing market rates of interest when it has an asset-sensitive gap and generally benefits from decreasing market rates of interest when it is liability sensitive. Alabama National is liability sensitive through the one year time frame, except for the zero through three month period. However, Alabama National's gap analysis is not a precise indicator of its interest sensitivity position. The analysis presents only a static view of the timing of maturities and repricing opportunities, without taking into consideration that changes in interest rates do not affect all assets and liabilities equally. For example, rates paid on a substantial portion of core deposits may change contractually within a relatively short time frame, but those rates are viewed by management as significantly less interest-sensitive than market-based rates, such as those paid on non-core deposits. Accordingly, management believes that a liability-sensitive gap position is not as indicative of Alabama National's true interest sensitivity as it would be for an organization which depends to a greater extent on purchased funds to support earning assets. Net interest income may be affected by other significant factors in a given interest rate environment, including changes in the volume and mix of earning assets and interest-bearing liabilities.

Market Risk

Alabama National's earnings are dependent on its net interest income which is the difference between interest income earned on all earning assets, primarily loans and securities, and interest paid on all interest bearing liabilities, primarily deposits. Market risk is the risk of loss from adverse changes in market prices and rates. Alabama National's market risk arises primarily from inherent interest rate risk in its lending, investing and deposit gathering activities. Alabama National seeks to reduce its exposure to market risk through actively monitoring and managing its interest rate risk. Management relies upon static "gap" analysis to determine the degree of mismatch in the maturity and repricing distribution of interest earning assets and interest bearing liabilities which quantifies, to a large extent, the degree of market risk inherent in Alabama National's balance sheet. Gap analysis is further augmented by simulation analysis to evaluate the impact of varying levels of prevailing interest rates and the sensitivity of specific earning assets and interest bearing liabilities to changes in those prevailing rates. Simulation analysis consists of evaluating the impact on net interest income given changes from 200 basis points below to 200 basis points above the current prevailing rates. Management makes certain assumptions as to the effect varying levels of interest rates have on certain earning assets and interest bearing liabilities, which assumptions consider both historical experience and consensus estimates of outside sources.

With respect to the primary earning assets, loans and securities, certain features of individual types of loans and specific securities introduce uncertainty as to their expected performance at varying levels of interest rates. In some cases, prepayment options exist whereby the borrower may elect to repay the obligation at any time. These prepayment options make anticipating the performance of those instruments difficult given changes in prevailing rates. At March 31, 2001, mortgage backed securities with a carrying value of $292.4 million, or 11.6% of total assets and essentially every loan, net of unearned income, (totaling $1.73 billion, or 68.6% of total assets), carried such prepayment options. Management believes that assumptions used in its simulation analysis about the performance of financial instruments with such prepayment options are appropriate. However, the actual performance of these financial instruments may differ from management's estimates due to several factors, including the diversity and financial sophistication of the customer base, the general level of prevailing interest rates and the relationship to their historical levels, and general economic conditions. The difference between those assumptions and actual results, if significant, could cause the actual results to differ from those indicated by the simulation analysis.

Deposits totaled $1.88 billion, or 74.7%, of total assets at March 31, 2001. Since deposits are the primary funding source for earning assets, the associated market risk is considered by management in its simulation analysis. Generally, it is anticipated that deposits will be sufficient to support funding requirements. However, the rates paid for deposits at varying levels of prevailing interest rates have a significant impact on net interest income and therefore, must be quantified by Alabama National in its simulation analysis. Specifically, Alabama National's spread, the difference between the rates earned on earning assets and rates paid on interest bearing liabilities, is generally higher when prevailing rates are higher. As prevailing rates reduce, the spread tends to compress, with severe compression at very low prevailing interest rates. This characteristic is called "spread compression" and adversely effects net interest income in the simulation analysis when anticipated prevailing rates are reduced from current rates. Management relies upon historical experience to estimate the degree of spread compression in its simulation analysis. Management believes that such estimates of possible spread compression are reasonable. However, if the degree of spread compression varies from that expected, the actual results could differ from those indicated by the simulation analysis.

The following table illustrates the results of simulation analysis used by Alabama National to determine the extent to which market risk would affect net interest margin for the next twelve months if prevailing interest rates increased or decreased the specified amounts from current rates. Because of the inherent use of estimates and assumptions in the simulation model used to derive this information, the actual results of the future impact of market risk on Alabama National's net interest margin may differ from that found in the table.

MARKET RISK
(Amounts in thousands)

Change in	As of March 31, 2001		As of December 31, 2000	
Prevailing Interest Rates (1)	Net Interest Income Amount	Change from Income Amount	Net Interest Income Amount	Change fr Income Amou
+200 basis points	$ 93,371	7.60%	$ 91,547	5.06%
+100 basis points	90,200	3.94	89,413	2.61
0 basis points	86,779	-	87,136	-
-100 basis points	82,470	(4.97)	84,039	(3.55)
-200 basis points	79,006	(8.96)	81,948	(5.95)

(1) Assumes an immediate rate change of this magnitude.

Liquidity and Capital Adequacy

Alabama National's net loan to deposit ratio was 91.8% at March 31, 2001, compared to 94.7% at year-end 2000. Alabama National's liquid assets as a percentage of total deposits were 10.2% at March 31, 2001, compared to 6.55% at year-end 2000. At March 31, 2001, Alabama National had unused federal funds lines of approximately $140.7 million, unused lines at the Federal Home Loan Bank of $157.3 million and an unused credit line with a third party bank of $4.0 million. Alabama National also has access to approximately $150 million via a credit facility with the Federal Reserve Bank of Atlanta. At March 31, 2001 and year-end 2000 there were no outstanding borrowings under this credit facility. Management analyzes the level of off-balance sheet assets such as unfunded loan commitments and outstanding letters of credit as they relate to the levels of cash, cash equivalents, liquid investments, and available funds lines in an attempt to minimize the possibility that a potential liquidity shortfall will exist. Based on this analysis, management believes that Alabama National has adequate liquidity to meet short-term operating requirements. However, no assurances can be given in this regard.

Alabama National's stockholders' equity increased by $6.2 million from December 31, 2000, to $177.8 million at March 31, 2001. This increase was attributable to (in thousands):

Net income	$ 5,843
Dividends	(2,712)
Issuance of stock from treasury	53
Additional paid in capital related to stock based compensation	323
Changes incidental to merger	(10)
Increase in unrealized gain on securities available for sale, net of deferred taxes	2,665
Net increase	$ 6,162

A strong capital position is vital to the continued profitability of Alabama National because it promotes depositor and investor confidence and provides a solid foundation for future growth of the organization. The capital of Alabama National and its subsidiary banks (the "Banks") exceeded all prescribed regulatory capital guidelines at March 31, 2001. Under the capital guidelines of their regulators, Alabama National and the Banks are currently required to maintain a minimum risk-based total capital ratio of 8%, with at least 4% being Tier 1 capital. Tier 1 capital consists of common stockholders' equity, qualifying perpetual preferred stock, and minority interests in equity accounts of consolidated subsidiaries, less goodwill. In addition, Alabama National and the Banks must maintain a minimum Tier 1 leverage ratio (Tier 1 capital to total assets) of at least 3%, but this minimum ratio is increased by 100 to 200 basis points for other than the highest rated institutions. The following table sets forth the risk-based and leverage ratios of Alabama National and each subsidiary bank at March 31, 2001:

	Tier 1 Risk Based	Total Risk Based	Tier 1 Leverage
Alabama National BanCorporation	8.79%	10.02%	6.81%
National Bank of Commerce of Birmingham	9.66	10.83	7.87
Alabama Exchange Bank	12.74	13.99	7.49

Bank of Dadeville........................	11.64	12.81	7.77
Citizens & Peoples Bank, N.A.............	10.40	11.65	7.63
Community Bank of Naples, N.A............	9.47	10.72	7.00
First American Bank......................	10.00	11.25	8.11
First Citizens Bank......................	13.77	14.96	7.17
First Gulf Bank..........................	9.46	10.69	7.14
Georgia State Bank.......................	10.21	11.21	7.16
Public Bank..............................	9.56	10.61	7.44
Peoples State Bank.......................	9.32	10.57	7.03
Required minimums........................	4.00	8.00	4.00

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Item 3 - Quantitative and Qualitative Disclosures about Market Risk

The information required by this item is contained in Item 2 herein under the headings "Interest Rate Sensitivity" and "Market Risk".

Part II Other Information

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits:

Exhibit 3.1 - Certificate of Incorporation (filed as an Exhibit to Alabama National's Registration Statement on Form S-1 (Commission File no. 33-83800) and incorporated herein by reference).

Exhibit 3.1A - Certificate of Amendment of Certificate of Incorporation (filed as an Exhibit to Alabama National's Annual Report of Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).

Exhibit 3.1B - Certificate of Merger (filed as an Exhibit to Alabama National's Annual Report of Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).

Exhibit 3.1C - Certificate of Amendment of Certificate of Incorporation dated April 23, 1998 (filed as an Exhibit to Alabama National's Report of Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).

Exhibit 3.2 - Bylaws (filed as an Exhibit to Alabama National's Registration Statement on Form S-1 (Commission File No. 33-83800) and incorporated herein by reference).

Exhibit 10.1 - Alabama National BanCorporation Plan for the Deferral of Compensation by Key Employees.

Exhibit 11 - Computation of Earnings Per Share

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALABAMA NATIONAL BANCORPORATION

Date: May 14, 2001 /s/ John H. Holcomb, III

John H. Holcomb, III, its Chairman and Chief Executive Officer

Date: May 14, 2001 /s/ William E. Matthews, V.

William E. Matthews, V., its Executive Vice President and Chief Financial Officer