FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
SEC Accession No. 0000931763-99-000846

FILER

NATIONAL COMMERCE BANCORPORATION

CIK:**101844**| IRS No.: **620784645** | State of Incorp.:**TN** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **000-06094** | Film No.: **99574638**
SIC: **6021** National commercial banks

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

December 31, 1998	0-6094
(For the fiscal year ended)	(Commission file number)

NATIONAL COMMERCE BANCORPORATION
(Exact name of registrant as specified in its charter)

Tennessee	62-0784645
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Commerce Square, Memphis, Tennessee 38150	(901)523-3434
(Address of principal executive offices)	(Telephone number)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $2 par value
(Title of class)

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of March 5, 1999, was approximately $1,788,000,000.

The number of shares of common stock outstanding, as of March 5, 1999, was 101,272,004.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form. x

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement relating to the 1999 Annual Meeting of Shareholders of National Commerce Bancorporation are incorporated by reference into Part III. Portions of the National Commerce Bancorporation Annual Report to shareholders for the fiscal year ended December 31, 1998 are incorporated by reference into Parts I and II.

PART I.

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. All statements in this Annual Report on Form 10-K that are not historical facts or that express expectations and projections with respect to future matters are "forward-looking statements" for the purpose of the safe harbor provided by the Act. The Company cautions readers that such "forward-looking statements," including, without limitation, those relating to future business initiatives and prospects, revenues, working capital, liquidity, capital needs, interest costs and income, and "Year 2000" remediation efforts, wherever they occur in this document or in other statements attributable to the Company, are necessarily estimates reflecting the best judgment of the Company's senior management. Such statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the "forward-looking statements." Such "forward-looking statements" should, therefore be considered in light of various important factors, including those set forth in this document. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include significant fluctuations in interest rates, inflation, economic recession, significant changes in the federal and state legal and regulatory environment, significant underperformance in the Company's portfolio of outstanding loans, and competition in the Company's markets. Other factors set forth from time to time in the Company's reports and registration statements filed with the Securities and Exchange Commission should also be considered. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

ITEM 1. BUSINESS.

NATIONAL COMMERCE BANCORPORATION:

National Commerce Bancorporation ("NCBC" or "the Company"), a Tennessee corporation, is a bank holding company formed in February 1966 as Tennessee Financial Corporation. The corporate name was changed to United Tennessee Bancshares Corporation in 1970 and the present corporate name was adopted in April 1978. The business of NCBC consists of owning all of the outstanding capital stock of (1) National Bank of Commerce, Memphis, Tennessee ("NBC"), (2) Nashville Bank of Commerce, Nashville, Tennessee ("Nashville" or "the Nashville Bank"), (3) NBC Bank, FSB, Knoxville, Tennessee ("Knoxville" or "the Knoxville Bank"), (4) NBC Bank, FSB, Belzoni, Mississippi ("Belzoni"), (5) Commerce Capital Management, Inc., Memphis, Tennessee ("Commerce Capital"), (6) TransPlatinum Service Corp., Nashville, Tennessee ("TransPlatinum") (7) U.S.I. Alliance Corp. ("USI"), Memphis, Tennessee and (8) National Commerce Capital Trust I ("Trust I"), Memphis, Tennessee. NCBC provides NBC, Nashville, Knoxville and Belzoni ("the Banks"), Commerce Capital, TransPlatinum, USI and Trust I with advice and counsel relating to financial and employee benefit matters, performs certain record-keeping functions relating to compliance with accounting and regulatory requirements and provides assistance in obtaining additional financing.

Effective March 1, 1999, the Nashville Bank was merged into NBC and is no longer a separate financial institution but is now operated as branches of NBC.

National Commerce Bancorporation operates several major lines of business. The commercial banking segment includes lending and related financial services to large- and medium-sized corporations. Included among these are several specialty services such as real estate finance, asset based lending and residential construction.

The retail banking segment includes sale and distribution of financial products and services to individuals. These include loan products such as residential mortgages, home equity lending, automobile and other personal financial needs. Retail banking also offers various deposit products that are designed for customers' saving and transaction needs.

The treasury segment in comprised of balance sheet management activities including oversight of the investment portfolio, non-deposit based funding and interest rate risk management. The other financial services segment includes trust, asset management, insurance and brokerage activities. Other financial services also includes income from transaction processing, in-store consulting/licensing and specialty leasing. See Note Q of the Notes to Consolidated Financial Statements in the 1998 Annual Report incorporated herein by reference.

NBC furnishes a full range of banking and trust services. At December 31, 1998 NBC had 29 branch and SUPER MONEY MARKET(R) facilities in Memphis and Shelby County, Tennessee, two SUPER MONEY MARKET facilities located in Jackson, Tennessee, one SUPER MONEY MARKET facility located in Cleveland, Tennessee, one branch facility in Somerville, Tennessee, two SUPER MONEY MARKET facilities and two branches in Collierville, Tennessee, one SUPER MONEY MARKET facility and three branches in West Memphis, Arkansas, and one branch in Marion, Arkansas. NBC has four active, wholly owned, non-banking subsidiaries, Commerce General Corporation ("Commerce General"), Commerce Finance Company ("Commerce Finance"), NBC Insurance Services, Inc. ("NBC Insurance") and National Commerce Bank Services, Inc. ("NCBS") and owns 80% of NBC Capital Markets Group, Inc. ("Capital Markets"). Commerce General provides a variety of data processing services to the Banks and other commercial enterprises. Commerce Finance emphasizes second- and third-mortgage loans primarily for resale. Capital Markets was chartered as Commerce Investment Corporation in September 1986 to serve the needs of individual investors as a broker-dealer of investment products, including stocks, bonds, municipal obligations, mutual funds and unit investment trusts. The name was changed to NBC Capital Markets Group, Inc. effective January 1, 1997. NBC Insurance provides life, property and casualty insurance and annuities through NBC's in-store retail banking system. NCBS provides supermarket banking services to other financial institutions.

The Nashville Bank was organized in September 1985 to operate full-service banking facilities in Kroger supermarkets within the Nashville area. The SUPER MONEY MARKET branches offer a wide variety of personal banking services. The Nashville Bank is a state chartered bank. At December 31, 1998 Nashville had 23 SUPER MONEY MARKET branch locations and three traditional branches. The

Nashville Bank also operated three stand-alone automated teller machines ("ATMs") in the Nashville area.

The Knoxville Bank was organized in June 1986 as a state chartered bank to operate full-service SUPER MONEY MARKET banking facilities within the Knoxville area. During 1994, the Knoxville Bank was converted to a federally chartered savings bank and expanded into North Carolina. At December 31, 1998 the Knoxville Bank had 13 SUPER MONEY MARKET branch locations and one traditional branch location in the Knoxville area, 22 branch locations in the Raleigh-Durham, Greensboro, Greenville, North Carolina, one branch location in Olive Branch, Mississippi, one branch in Southaven, Mississippi, and one branch in Paris, Tennessee. The Knoxville Bank had one branch each in the following Georgia locations: Adairsville, Buford, Calhoun, Canton, Cartersville, Cumming, Dalton, Ft. Oglethorpe, Gainesville, Moultrie, and Rome. The Knoxville Bank also operated one stand-alone ATM in the Knoxville area. The Knoxville Bank also offers loans on an indirect basis through area automobile dealers. The Knoxville Bank has two subsidiaries, Kenesaw Leasing, Inc. and J & S Leasing, Inc., both equipment leasing firms.

On July 13, 1993, the Company acquired First Federal Savings Bank, a $4.8 million institution located in Belzoni, Mississippi. The name was changed to NBC Bank, FSB, and its business expanded into Virginia. In early 1998, the Belzoni, Mississippi branch was sold and at December 31, 1998 Belzoni had nine SUPER MONEY MARKET branches in the Roanoke, Virginia area.

NCBC, through NCBS, has executed SUPER MONEY MARKET sublicense and consulting agreements with other financial institutions. Currently, agreements have been executed covering locations in 50 states and foreign countries, including Peru, Canada, Australia, Chile, Colombia, Guam and Portugal. As of year end, NCBS has assisted various banks with over 1,000 locations through either a license or consulting relationship. The Company has one major competitor in its supermarket branch sublicensing activity. The competitor is a non-financial institution with nationwide operations. On November 7, 1989, the service mark Super Money Market (Stylized) was registered on the U.S. Patent and Trademark Office Principal Register as Reg. No. 1,565,038. This registration presently constitutes prima facie proof that NCBC owns the mark. If certain formalities are observed, the registration will remain in force for 20 years from the date of registration and may be renewed for successive terms of ten years each. On April 2, 1991 the service mark Super Money Market (non-stylized) for banking services was registered on the Supplemental Register under Reg. No. 1,640,085. If certain formalities are observed, registration will remain in force for ten years from the date of registration and may be renewed for successive periods.

Commerce Capital is a registered investment advisor with the Securities and Exchange Commission. Another investment advisory subsidiary, Brooks, Montague and Associates, Inc. was sold in June 1998.

In September of 1995, NCBC acquired 30% of TransPlatinum Service Corp. which offers financial services to the trucking and petroleum industries and bankcard services to merchants. On February 29, 1996, NCBC acquired the remaining 70% of TransPlatinum. TransPlatinum is located in Nashville, Tennessee.

U.S.I. Alliance Corp. was organized in November 1995, and commenced business in February 1996. USI primarily leases personal lockboxes in long-term care facilities.

National Commerce Capital Trust I was organized in March 1997 as a special purpose company to offer floating rate capital trust pass-through securities.

Substantially all employees of the Company are also employees of one or more of its direct or indirect subsidiaries.

NATIONAL BANK OF COMMERCE:

From its inception in 1873, and through the granting of its charter as a national bank in 1933, NBC has operated a full-service commercial bank and trust business in metropolitan Memphis, Tennessee. As of December 31, 1998, NBC had 29 branch and SUPER MONEY MARKET(R) facilities in Memphis and Shelby County, Tennessee, two SUPER MONEY MARKET facilities located in Jackson, Tennessee, one SUPER MONEY MARKET facility located in Cleveland, Tennessee, one branch facility in Somerville, Tennessee, two SUPER MONEY MARKET facilities and two branches in Collierville, Tennessee, one SUPER MONEY MARKET facility and three branches inn West Memphis, Arkansas, and one branch in Marion, Arkansas. At December 31, 1998, NBC had $2,607,000,000 in deposits and was the third largest bank in the Memphis service area (population approximately 1,000,000) and the sixth largest bank in Tennessee, measured by deposits. Memphis is the largest city in Tennessee and is the center of a diversified distribution, commercial and agricultural area. NBC provides complete banking facilities and services to the Mid-South area through various divisions and departments, described below. The retail banking activity is carried on through the Branch Banking Division, the Money Market Division, the Executive Banking Division, and the Consumer Services Division. NBC's Commercial Banking Group is composed of six divisions: the Metropolitan Lending Division, the Leasing Division, the Asset Based Lending Division, the Real Estate Lending Division, the Correspondent Banking Division and the Mortgage Lending Division ("NBC Mortgage"). Trust services are provided by the Trust Division. Staff support for NBC is provided by its Human Resource, Marketing, Operations and Financial/Administrative Divisions.

Retail Services: NBC provides its customers with a variety of retail banking services. Among such services are checking accounts and savings programs, night depository services, safe deposit facilities and several consumer loan programs, including installment loans for the purchase of consumer goods and revolving lines of credit. Customers are provided with current information regarding these services through NBC's marketing program. NBC has installed 53 ATMs (24-hour tellers), including ATMs located at Plough, Inc., Graceland, Methodist Hospital, Memphis International Airport, University of Memphis campus, Southern College of Optometry, Sitel Corporation and Rhodes College campus. At year end, consumer loans and leasing activity accounted for approximately 31% of NBC's outstanding loans. NBC participates in the MasterCard and Visa Card Programs, national consumer debit and credit card plans, under which NBC discounts sales drafts (accounts receivable arising from charges made with MasterCard and Visa Cards), without recourse, for participating merchants. NBC also offers a Professional Services Plan, Equity Credit Lines and other credit services for individuals. A monthly revolving credit charge is levied on the purchaser depending on the credit plan desired. At December 31, 1998, NBC had consumer lines of credit totaling $69,447,000. NBC sold substantially all of its credit card portfolio in fourth quarter 1997 and now offers various credit card plans through MBNA Corp.

Commercial Services: NBC provides a variety of services for commercial enterprises, including checking accounts, certificates of deposit, cash management services, short-term loans for seasonal or working capital purposes, and term loans for fixed assets and expansion purposes. In addition to these general services, NBC also provides accounts receivable and inventory financing, commodity loans and commercial loans tailored to an individual customer's needs. Secured and unsecured commercial loans and commodity loans, at December 31, 1998, accounted for approximately 29% of the loans made by NBC. Real estate construction and long-term mortgage loans (including first mortgage refinance loans) accounted for approximately 40% of NBC's outstanding loans at December 31, 1998.

Correspondent Banking: NBC has correspondent relationships with approximately 200 banks located in Tennessee, Arkansas, Missouri, Florida, Mississippi, Kentucky, and Alabama to which it provides a range of financial services as well as advice in various fields of banking policy and operations. Aggregate balances of correspondent banks at NBC averaged approximately $55,000,000 in 1998.

Trust Services: Through its Trust Division, NBC acts as trustee, executor, administrator, guardian, custodian and depository for a number of individuals and corporations. The Bank offers investment advisory services to its customers in addition to portfolio management. At December 31, 1998, the Trust Division administered assets valued at approximately $3,058,000,000.

International Services: NBC has established 6 accounts with foreign banks, primarily in Europe, to handle international trade relationships. Two foreign banks have accounts with NBC for the same purpose. NBC does not now, nor does it intend to, engage in speculative trading of foreign currencies.

Non-Bank Subsidiaries: In addition to computer services for NBC, Commerce General processes financial transactions for hospitals. During the year ended December 31, 1998, approximately 82% of the total revenues of Commerce General were derived from services provided to NBC and 18% from services provided to other customers. NBC Capital Markets Group, Inc. (formerly named Commerce Investment Corporation) provides investment services to individual and institutional investors. In 1991, the institutional investor activity of NBC's Investment Division was merged into Capital Markets. At December 31, 1998, Capital Market's capital totaled $12,525,000. Capital Markets is registered as a broker-dealer with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc., and is a member of the Security Investor Protection Corporation. Commerce Finance Company was organized in September, 1992 and commenced business in March, 1993 in the consumer finance segment of the retail credit industry as a subsidiary of NCBC. In 1996, the store-front branches and most of the assets of Commerce Finance were sold and Commerce Finance began operating on a more centralized basis with emphasis on second- and third-mortgage loans which come from bank referrals. In February, 1997, Commerce Finance became a subsidiary of NBC. NBC Insurance Services, Inc. was organized in January, 1997 and commenced business in March, 1997 to provide life, property and casualty insurance and annuities through NBC's in-store retail banking system. National Commerce Bank Services, Inc. provides supermarket banking services to other financial institutions.

Territory Serviced and Competition: NBC actively competes with other commercial banks in the Memphis trade area in providing a full range of banking services, including demand deposits, time deposits, various types of loans, trust services and other bank-related activities. At December 31, 1998, NBC had $3,925,713,000 in assets. According to December 31, 1998 call reports, one of the other banks in metropolitan Memphis is 4.3 times larger and another is approximately 6.3 times larger than NBC as measured by deposits. However, deposits for that bank include statewide branches, while NBC deposits are primarily limited to the metropolitan Memphis area. The Memphis trade area includes western Tennessee, northern Mississippi, and eastern Arkansas, and NBC considers commercial banks in Little Rock, Arkansas and Jackson, Mississippi, as competitors in addition to Memphis area banks. In addition, NBC competes with savings and loan associations, finance companies, credit unions, insurance companies, real estate investment trusts, mortgage companies, factoring companies, independent credit card companies and various other financial institutions whose activities correspond with banking functions. See "Supervision and Regulation."

Employees: As of December 31, 1998, NBC and its subsidiaries employed approximately 303 officers, 639 other full-time employees, 116 part-time employees and 45 peak-time employees. Relations with employees have been good. No employees are covered by collective bargaining agreements. All full-time employees are afforded the benefits of group life and health insurance plans. In addition, the Company has a non-contributory qualified retirement plan. All employees who have one full year of service are eligible to become participants in the retirement plan. The Company also has a taxable income reduction account ("TIRA") plan which allows employees to defer payment of taxes on an elected percentage of salary up to $10,000 by making contributions to this plan. The Company may also make contributions to this plan for the benefit of participating employees. The Company had an Employee Stock Ownership Plan ("ESOP") which has been merged with the TIRA into the NBC Employee Stock Ownership Plan With 401K Provisions.

NASHVILLE BANK OF COMMERCE:

Nashville Bank of Commerce was organized to compete in retail banking in the Nashville trade area. At December 31, 1998 the Nashville Bank operated three traditional branches and 23 SUPER MONEY MARKET facilities located within

Kroger stores and three stand-alone ATMs in the Nashville area. At December 31, 1998, the Nashville Bank employed 45 officers, 93 other full-time employees, 28 part-time employees and 18 peak-time employees to provide banking services during the hours when most grocery shopping occurs. Employees of the Nashville Bank are provided with the same benefits that all Company employees have available to them. At December 31, 1998, the Nashville Bank had total consolidated assets of $607,066,000. Nashville Bank of Commerce competes with a number of substantially larger financial institutions, both banks and savings and loans, as well as various other financial institutions whose activities correspond with banking functions.

NBC BANK, FSB (KNOXVILLE):

The Company organized NBC Bank, FSB (Knoxville) to become competitive in retail banking in the Knoxville area. After its 1994 conversion from a state chartered bank to a federally chartered savings bank, it expanded into North Carolina. At December 31, 1998 the Knoxville Bank had 13 SUPER MONEY MARKET branch locations and one traditional branch location in the Knoxville area, 22 branch locations in the Raleigh-Durham, Greensboro, and Greenville, North Carolina areas, one branch location in Olive Branch, Mississippi, one branch in Southaven, Mississippi, and one branch in Paris, Tennessee. The Knoxville Bank has one branch each in the following Georgia locations: Adairsville, Buford, Calhoun, Canton, Cartersville, Cumming, Dalton, Ft. Oglethorpe, Gainesville, Moultrie, and Rome. Like Nashville, the Knoxville Bank employees are provided with the same benefits that all Company employees have available to them. At December 31, 1998, the Knoxville Bank and its subsidiaries employed 79 officers, 169 other full-time employees, 34 part-time employees and 12 peak-time employees. At year-end 1998, the Knoxville Bank had total assets of $1,095,196,000. The Knoxville Bank competes with a number of substantially larger financial institutions, both banks and savings and loans, as well as various other financial institutions whose activities correspond with banking functions.

Non-Bank Subsidiaries: Kenesaw Leasing, Inc, and J & S Leasing, Inc. are both equipment leasing firms. At December 31, 1998 Kenesaw's capital totaled $2,139,000 and J & S's capital was $1,667,000.

NBC BANK, FSB (BELZONI):

NBC Bank, FSB was acquired to expand its retail banking activities through supermarket branches in other states. At December 31, 1998 nine SUPER MONEY MARKET branches were located in Kroger supermarkets in Virginia. At December 31, 1998, Belzoni employed 19 officers, 34 other full-time employees, and one part-time employee. The same Company benefits are provided to these employees. At year-end 1998, Belzoni had total assets of $309,209,000. Belzoni competes with a number of substantially larger financial institutions, both banks and savings and loans, as well as various other financial institutions whose activities correspond with banking functions.

COMMERCE CAPITAL MANAGEMENT, INC.:

Commerce Capital was organized to provide specialized investment management services to individuals, family groups, endowment funds and corporations. Assets presently managed are approximately $794,000,000. At December 31, 1998, Commerce Capital had seven full-time employees. Commerce Capital's employees are covered under the same Company benefits. Commerce Capital competes with a number of other investment counselors, insurance companies, banks, and other money managers, many of which are substantially larger.

TRANSPLATINUM SERVICE CORP.:

In September of 1995, NCBC acquired 30% of TransPlatinum Service Corp. which offers financial services to the trucking and petroleum industries and bankcard services to merchants. TransPlatinum is located in Nashville, Tennessee. On February 29, 1996, NCBC acquired the remaining 70% of TransPlatinum. As of December 31, 1998, TransPlatinum had 7 officers, 59 full-time employees, and 6 part-time employees. TransPlatinum competes with larger companies offering similar services on a nation-wide basis.

U.S.I. ALLIANCE CORP.:

U.S.I. Alliance Corp. commenced formal operations in February of 1996 as a wholly owned subsidiary of NCBC. USI operates and administers a security program in the long-term care industry. The program activities include leasing personal lock boxes, education and training, risk management reduction, and the administration of an 800-number tip line and reward payment system for long-term care facilities. USI Alliance has filed federal and state trademarks in all 50 states for the name "Senior Crimestoppers" and currently does business in all states. At December 31, 1998, USI had 2 officers and 1 other full-time employee.

NATIONAL COMMERCE CAPITAL TRUST I:

National Commerce Capital Trust I was organized in March 1997 as a special purpose company to offer floating rate capital trust pass-through securities. At December 31, 1998, Trust I had $49,896,000 in outstanding securities issued.

SUPERVISION AND REGULATION

NCBC and its subsidiaries are subject to a number of federal and state laws and regulations. As a bank holding company, NCBC is subject to regulation under the Bank Holding Company Act of 1956, as amended (the "Act"), which is administered by the Federal Reserve Board (the "Board"). Under the Act, the Company is generally prohibited from directly engaging in any activities other than banking, managing or controlling banks, and those activities that the Board considers closely related and incidental to banking. Generally, bank holding companies from any state can now acquire banks and bank holding companies located in any other state, subject to certain conditions, including nationwide and state imposed concentration limits. Effective January 1, 1991, Tennessee amended its reciprocal interstate banking statute to allow a bank or bank holding company in any other state to acquire a Tennessee bank or bank holding company as long as a Tennessee bank or bank holding would have a similar acquisition opportunity in that state. Effective June 1, 1997, banks also became eligible to branch across state lines by acquisition, merger or de novo (unless state law would permit such interstate branching at an earlier date), providing certain conditions are met including that applicable state law must expressly permit de novo interstate branching.

The Act requires that a bank holding company obtain the prior approval of the Board before merging or consolidating with another bank holding company. Furthermore, unless a bank holding company already owns or controls a majority of the shares of a bank or another bank holding company, Board approval is required for any transaction, if following such transaction, the bank holding company directly or indirectly owns or controls more than 5% of the shares of such bank or bank holding company. A bank holding company and its non-bank subsidiaries must also seek the prior approval of the Board to acquire all or substantially all of the assets of a bank.

Under the Act, a bank holding company is required to file with the Board an annual report and any additional information required by the Board. The

Board may examine the Company's and each of its direct subsidiaries' records, including a review of capital adequacy in relation to guidelines issued by the Board. If the level of capital is deemed to be inadequate, the Board may restrict the future expansion and operations of the Company. The Board possesses cease-and-desist powers over a bank holding company if its actions or actions of any of its subsidiaries represent unsafe or unsound practices or violations of law.

Federal law also regulates transactions among the Company and its affiliates, including the amount of a banking affiliate's loans to, or investments in, non-bank affiliates and the amount of advances to third parties collateralized by securities of an affiliate. In addition, various requirements and restrictions under federal and state law regulate the operations of the Company's banking affiliates, including (1) requiring the maintenance of reserves against deposits, (2) limiting the nature of loans and the interest that may be charged thereon, and (3) restricting investments and other activities. The amount of dividends that the Company's bank affiliates may declare is also limited. Regulatory approval must be obtained before declaring any dividends if the amount of capital, surplus and retained earnings is below certain statutory limits. See Note N of the Notes to Consolidated Financial Statements in the 1998 Annual Report, incorporated herein by reference.

There are a number of obligations and restrictions imposed on bank holding companies and their depository institution subsidiaries by federal law and regulatory policy that are designed to reduce potential loss exposure to the depositors of such depository institutions and to the Federal Deposit Insurance Corporation ("FDIC") insurance fund in the event the depository institution becomes in danger of default or is in default. For example, under a policy of the Board with respect to bank holding company operations, a bank holding company is required to serve as a source of financial strength to its subsidiary depository institutions to commit resources to support such institutions in circumstances where it might not do so absent such policy. In addition, the "cross-guarantee" provisions of federal law require insured depository institutions under common control to reimburse the FDIC for any loss suffered or reasonably anticipated as a result of the default of a commonly controlled insured depository institution or for any assistance provided by the FDIC to a commonly controlled insured depository institution in danger of default.

The federal banking agencies have broad powers under current federal law to take prompt corrective action to resolve problems of insured depository institutions. The extent of these powers depends upon whether the institutions in question are "well capitalized", "adequately capitalized" or "significantly undercapitalized", as such terms are defined under uniform regulations defining such capital levels issued by each of the federal banking agencies.

The Community Reinvestment Act ("CRA") requires banks to help meet the credit needs of the community. Regulatory authorities are required to consider the CRA performance of a bank or bank holding company when reviewing regulatory applications.

In August 1989, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") was enacted. FIRREA contains major regulatory reforms, stronger capital standards for savings and loans and stronger civil and criminal enforcement provisions. FIRREA allows the acquisition of healthy and failed savings and loan associations by bank holding companies, and it imposes no interstate barriers on such acquisitions by bank holding companies. With certain qualifications, FIRREA also allows bank holding companies to merge acquired savings and loan associations into their existing commercial bank subsidiaries. FIRREA also provides that a

depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC after August 9, 1989 in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") became effective in December 1991. FDICIA revises the bank regulatory insurance coverage and funding provisions of the Federal Deposit Insurance Act and makes changes to the regulatory structures found in several other banking statutes. Various sections of FDICIA are designed to recapitalize the Bank Insurance Fund and provide for increased funding of the Bank Insurance Fund by insured banks. The FDIC's capacity to borrow from the United States Treasury was increased. FDICIA requires the FDIC to develop and implement a system of risk-based premiums for federal deposit insurance under which the semiannual rates at which a depository institution is assessed are based on the probability that the depository institution fund will incur a loss with respect to the institution. Various sections of FDICIA impose substantial new audit and reporting requirements on insured depository institutions. All insured banks are generally subject to an annual on-site examination by their primary federal regulatory agency. The role of independent public accountants is increased, and there are additional reporting requirements imposed on depository institutions. The federal regulatory agency must devise rules requiring banks and thrift institutions to disclose the fair market value of their assets. The agencies must also devise rules for banks and thrifts to report off-balance sheet items on financial statements. Banks are rated according to a new scheme of capital adequacy. Better-capitalized institutions are generally subject to less onerous regulation and supervision than poorly-capitalized institutions. Under FDICIA, each federal banking agency must prescribe standards for depository institutions and depository institution holding companies relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, a maximum ratio of classified assets to capital, minimum earnings sufficient to absorb losses, a minimum ratio of market value to book value for publicly traded shares, and other standards as the agency deems appropriate.

As a national bank, NBC operates under the rules and regulations of the Comptroller of the Currency and is also a member of the Federal Reserve System, subject to provisions of the Federal Reserve Act. The Nashville Bank is a state non-member bank operating under the rules and regulations of the FDIC and the Tennessee Department of Financial Institutions. NBC Bank, FSB (Knoxville) and NBC Bank, FSB (Belzoni), are federally chartered savings banks that are primarily regulated by the Office of Thrift Supervision. The FDIC insures the domestic deposits of all the Banks.

Commerce Finance Company is a consumer finance company organized under the laws of the State of Tennessee and is primarily regulated by the Consumer Finance Division of the Tennessee Department of Financial Institutions. The Federal Trade Commission has primary federal regulatory authority. Commerce Capital Management, Inc. is registered with the Securities and Exchange Commission and is an investment adviser pursuant to the Investment Advisers Act of 1940, as amended. All regulatory agencies require periodic audits and regularly scheduled reports of financial information.

The federal Comprehensive Environmental Response Compensation and Liability Act ("CERCLA") imposes a liability scheme for the remediation of property where hazardous substances have been released. The liability extends to owners and operators of such properties which could include banks. There is proposed or pending federal legislation that would consolidate some of the federal agencies that regulate financial institutions.

STATISTICAL AND OTHER DATA - The following tables set forth selected statistical and other information.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY: Interest Rates and Interest Differential

The following table sets forth the combined daily average condensed (consolidated) balance sheets of NCBC and an analysis of net interest earnings for each of the three years in the period ended December 31, 1996 through 1998. Interest income and yields on non-taxable investment securities have been calculated on a fully taxable-equivalent basis assuming a tax rate of 35%.
<TABLE>
<CAPTION>

	1998			1997			1996		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
				(in thousands of dollars)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS									
Interest-earning assets:									
Loans:(1)									
Domestic(2)	2,883,277	261,492	9.07%	2,513,327	229,866	9.15%	2,130,810	191,860	9.00%
Taxable securities including trading account	1,684,740	112,223	6.66	1,461,883	98,308	6.72	1,296,692	85,597	6.60
Non-taxable investment securities(2)	146,053	12,212	8.36	138,669	11,456	8.26	143,706	11,881	8.27
Federal funds sold and securities purchased under agreements to resell and other	34,938	2,885	8.26	16,500	1,049	6.36	23,388	1,425	6.09
Time deposits in other banks	19,083	1,012	5.30	18,211	974	5.35	16,984	924	5.44
Total interest-earning assets	4,768,091	389,824	8.18	4,148,590	341,653	8.24	3,611,580	291,687	8.08
Non-interest earning assets:									
Cash and due from banks	170,253			137,251			119,604		

Premises & equipment, net	32,970	24,306	19,160
Other assets	188,987	132,827	94,020
Allowance for loan losses	(46,175)	(38,122)	(32,250)
TOTAL ASSETS	5,114,126	4,404,852	3,812,114

</TABLE>

(1) For the purposes of these computations, non-accruing loans are included in the daily average loan amounts outstanding and income on such loans is recognized as received. There were no foreign loans outstanding.
(2) These items are affected by fully taxable-equivalent adjustments. Reference is made to page 31 of the Annual Report to Shareholders for the corresponding unadjusted amounts as presented in the financial statements.

<TABLE>
<CAPTION>

	1998			1997			1996		
	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate
				(in thousands of dollars)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest bearing liabilities:									
Demand deposits	322,117	3,373	1.05%	261,931	3,239	1.24%	256,561	3,963	1.54%
Savings deposits	1,162,749	45,815	3.94	1,043,212	42,672	4.09	902,148	38,301	4.25
Time deposits	1,561,417	84,998	5.44	1,321,247	73,248	5.54	1,187,861	65,701	5.53
Federal funds purchased and securities sold under agreements to repurchase	470,349	22,744	4.84	445,863	22,665	5.08	336,727	16,546	4.91
Federal Home Loan Bank advances	552,176	27,904	5.05	405,308	23,032	5.68	417,316	23,025	5.52
Long-term debt	103,103	6,135	5.95	156,152	9,316	5.97	60,284	3,565	5.91
Total interest bearing liabilities	4,171,911	190,969	4.58	3,633,713	174,172	4.79	3,160,897	151,101	4.78
Non-interest bearing liabilities:									
Domestic demand deposits	413,724			328,423			305,989		
Other	94,258			71,109			49,402		
Capital Trust Preferred Securities	49,891			38,079			-		
Stockholders' equity	384,342			333,528			295,826		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	5,114,126			4,404,852			3,812,114		
Net interest earnings		198,855			167,481			140,586	
Net yield on interest-earning assets			4.17%			4.04%			3.89%

</TABLE>

INTEREST RATE SENSITIVITY BY REPRICING DATE
<TABLE>
<CAPTION>

December 31, 1998 (in thousands of dollars)	0-30 Days	Within 31-90 Days	After 3 Mos. But Within 6 Mos.	After 6 Mos. But Within 1 Year	After 1 Yr. But Within 5 Years	After 5 Years	Non Interest Bearing	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Funding uses:								
Loans, net	929,883	84,845	97,380	280,932	1,588,576	216,057	-	3,197,673
Securities	644,337	218,149	266,734	404,524	320,149	244,477	-	2,098,370
Other earning assets	149,712	-	-	-	-	-	-	149,712
Other assets	-	-	-	-	-	-	365,299	365,299
Total funding uses	1,723,932	302,994	364,114	685,456	1,908,725	460,534	365,299	5,811,054
Funding sources:								
Interest-bearing deposits	786,808	234,066	410,119	447,249	1,034,174	552,961	-	3,465,377
Other borrowings	591,837	62,702	3,534	7,223	539,411	175,000	-	1,379,707

Demand deposits	-	-	-	-	-	-	481,898	481,898
Other liabilities	-	-	-	-	-	-	75,523	75,523
Interest rate swaps	(110,000)	-	-	-	110,000	-	-	-
Stockholders' equity	-	-	-	-	-	-	408,549	408,549
Total funding sources	1,268,645	296,768	413,653	454,472	1,683,585	727,961	965,970	5,811,054
Interest-rate sensitivity GAP	455,287	6,226	(49,539)	230,984	225,140	(267,427)	(600,671)	
Cumulative interest-rate sensitivity GAP	455,287	461,513	411,974	642,958	868,098	600,671		
GAP to total assets	7.83%	0.11%	(.85%)	3.97%	3.87%	(4.60%)	(10.34%)	
Cumulative GAP to total assets	7.83%	7.94%	7.09%	11.06%	14.94%	10.34%		

</TABLE>

The Company's Interest Rate Sensitivity Table was prepared using contractual maturities and repricing dates when they exist and are enforceable. Management adjustments have been applied to allow for prepayment or other variances from stated maturities or repricing intervals. The management adjustments have been formulated considering historical experience and market projections and will change when appropriate to allow for current and projected interest rate scenarios.

Due to the historical volatility of interest rates, the Company addresses the problem with an Asset Liability Management Committee comprised of senior management personnel from each key banking function. The committee's goal is to stabilize earnings by limiting the gap position between assets and liabilities repricing within one year to 15% of assets. The committee has determined by historical experience and simulation modeling that a gap of 15% will not produce excessive earnings variances in most rate environments. The committee meets regularly to address the current gap position and evaluate the assumptions and projections used to calculate interest rate risk. Company policy states that the six-month cumulative gap shall be no more than 12 percent of total assets and the one-year cumulative gap, no more than 15 percent. At year-end 1998, both six-month and one-year gaps were within these parameters.

CHANGES IN INTEREST INCOME AND EXPENSES

The following table sets forth for NCBC and its subsidiaries (consolidated), for the periods indicated, a summary of the changes in interest earned and interest paid resulting from changes in volume and changes in rates. Interest on non-taxable investment securities has been calculated on a fully taxable-equivalent basis assuming a tax rate of 35%.

<TABLE>
<CAPTION>

	1998 Compared to 1997 Increase (decreased) Due to (1)				1997 Compared to 1996 Increase (decrease) Due to (1)			
	Volume	Rate	Net	Rate/ Volume	Volume	Rate	Net	Rate/ Volume
	(in thousands of dollars)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest earned on:								
Loans:(2)								
Domestic	33,623	(1,997)	31,626	(296)	34,777	3,228	38,006	574
Taxable securities including trading account	14,781	(866)	13,915	(134)	11,124	1,588	12,711	198
Non-taxable securities	616	140	756	7	(411)	(14)	(425)	1
Federal funds sold and securities purchased under agreements to resell	1,650	186	1,836	350	(437)	61	(376)	(19)
Time deposits in other banks	47	(9)	39	0	66	(16)	50	(1)
Total interest earning assets	50,717	(2,546)	48,171	(73)	45,119	4,847	49,966	753
Interest paid on:								
Demand deposits	677	(543)	134	(114)	79	(803)	(724)	(16)
Savings deposits	4,752	(1,609)	3,143	(179)	5,849	(1,478)	4,371	(227)
Time deposits	13,045	(1,295)	11,750	(240)	7,427	120	7,547	13
Federal funds purchased and securities sold under agreements to repurchase	565	(486)	79	(59)	5,528	591	6,119	186
Federal Home Loan Bank advances	7,640	(2,768)	4,872	(925)	(662)	669	7	(19)
Long-term debt	(3,150)	(31)	(3,181)	11	5,715	36	5,751	58

Total interest bearing liabilities	23,529	(6,732)	16,797	(1,506)	23,936	(865)	23,071	(5)
Net interest income	27,188	4,186	31,374	1,433	21,183	5,712	26,895	758

</TABLE>

(1) The change in interest due to both rate and volume has been allocated to change due to volume and change due to rate in proportion to the relationship of the absolute dollar amounts to the change in each.
(2) There were no foreign loans outstanding.

SECURITIES PORTFOLIO

The following table sets forth the aggregate book value of investment securities at the dates indicated.

<TABLE>
<CAPTION>

	December 31		
	1998	1997	1996
	(in thousands of dollars)		
<S>	<C>	<C>	<C>
Securities:			
U.S. Treasury	36,621	38,589	30,234
U.S. Government agencies and corporations	1,382,396	1,270,297	1,190,922
States of the U.S. and political subdivisions	149,000	138,409	140,708
Other securities	530,353	170,859	156,035
Total	2,098,370	1,618,154	1,517,899

</TABLE>

The following table sets forth the maturities at December 31, 1998, and the weighted average yields of such securities, all of which are computed on a fully taxable-equivalent basis assuming a tax rate of 35%.
<TABLE>
<CAPTION>

	Maturing							
	Within 1 Year		After 1 But Within 5 Years		After 5 But Within 10 Years		After 10 Years	
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
	(in thousands of dollars)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Securities:								
U.S. Treasury	23,182	6.41%	13,439	6.30%	-	-	-	-
U.S. Government agencies and corporations	38,949	6.36	82,678	6.41	895,985	6.56%	364,784	6.18%
States of the U.S. and political subdivisions	9,060	7.93	57,436	7.30	62,608	8.26	19,896	9.22
Other	127,881	6.61	214,960	6.61	168,185	6.54	19,327	6.94
Total	199,072	6.60%	368,513	6.26%	1,126,778	6.24%	404,007	6.18%

</TABLE>

LOAN PORTFOLIO

The following table shows the Company's gross loan distribution at the end of the last five years.

<TABLE>
<CAPTION>

December 31				
1998	1997	1996	1995	1994

(in thousands of dollars)

<S>	<C>	<C>	<C>	<C>	<C>
Commercial, financial, and agricultural	592,136	512,534	466,830	399,580	356,035
Real estate - construction	242,993	241,334	170,188	122,720	91,424
Real estate - mortgage	1,153,717	781,826	602,064	520,657	501,489
Consumer(1)(2)	1,181,659	1,045,420	1,086,104	871,407	630,927
Lease financing	29,568	30,046	22,790	18,678	14,818
Total	3,200,073	2,611,160	2,347,976	1,933,042	1,594,693

</TABLE>

(1)Included within "Consumer" loans are revolving lines of credit secured by home equities.
(2)The Company sold approximately $63 million or substantially all of its credit card receivables in fourth quarter 1997.

The following table shows the amounts of loans (excluding real estate mortgages, consumer loans and lease financing) outstanding as of December 31, 1998, which, based on remaining scheduled repayments of principal, are due in the periods indicated.

<TABLE>
<CAPTION>

	Within 1 Year	Maturing After 1 But Within 5 Yrs	After 5 Years	Total
	(in thousands of dollars)			
<S>	<C>	<C>	<C>	<C>
Commercial, financial, and agricultural	260,946	206,846	124,344	592,136
Real estate - construction	140,713	62,354	39,926	242,993
Total	401,659	269,200	164,270	835,129

</TABLE>

The following table shows the amounts of loans (excluding real estate mortgages, consumer loans and lease financing) due after one year classified, according to the sensitivity to changes in interest rates as of December 31, 1998.

<TABLE>
<CAPTION>

	After 1 but Within 5 Yrs	After 5 Years
	(in thousands of dollars)	
<S>	<C>	<C>
Predetermined interest rate	157,958	120,831
Floating or adjustable interest rates	111,242	43,439
Total	269,200	164,270

</TABLE>

NONACCRUAL, PAST DUE, AND RESTRUCTURED

The following table summarizes the Company's nonaccrual, past due, and restructured loans (all of which are domestic):

<TABLE>
<CAPTION>

	December 31				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
	(in thousands of dollars)				
Nonaccrual loans	533	-	-	-	-
Accruing loans past due 90 days or more	4,218	3,134	3,482	3,252	2,432
Non-performing restructured loans	-	-	-	-	-
Performing restructured	-	-	-	-	-

</TABLE>

All of the nonaccrual and restructured loans were collateralized, and there were no significant commitments to lend any of these debtors additional funds.

Loans and lease financing receivables are considered to be in nonaccrual status if: (1) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (2) payment in full of interest or principal is not expected, or (3) principal or interest has been in default for a period of 90 days or more unless the obligation is both well secured and in the process of collection. A nonaccrual asset may be restored to an accrual status when none of its principal and interest is due and unpaid or when it otherwise becomes well secured and in the process of collection.

Potential Problem Loans

At December 31, 1998, the Company had no problem loans for which payments were being made, but the borrowers currently were experiencing severe financial difficulties. Any such loans would be subject to constant management attention and their classification would be reviewed monthly.

SUMMARY OF LOAN LOSS EXPERIENCE

This table summarizes the Company's loan loss experience for each of the five years ended December 31, 1998. There were no foreign loans.

<TABLE>
<CAPTION>

	Year Ended December 31				
	1998	1997	1996	1995	1994
	(in thousands of dollars)				
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	43,297	35,514	29,010	24,310	21,467
Charge-offs:					
Commercial, financial, and agricultural	522	250	12	1	442
Real estate - construction	946	95	70	199	212
Real estate - mortgage	808	222	74	97	232
Consumer	8,430	10,850	8,270	5,366	4,088
Lease financing	943	1,382	1,912	1,586	1,500
Total charge-offs	11,649	12,799	10,338	7,249	6,474
Recoveries of loans previously charged-off:					
Commercial, financial, and agricultural	1,152	73	20	55	47
Real estate - construction	197	57	244	44	83
Real estate - mortgage	51	33	61	73	121
Consumer	2,219	2,221	1,965	1,509	1,494
Lease financing	420	560	533	518	495
Total recoveries	4,039	2,944	2,823	2,199	2,240
Net charge-offs	7,610	9,855	7,515	5,050	4,234
Increase due to acquisitions	3,836	625	288	-	-
Decrease due to loan sale	-	-	(403)	-	-
Provision for loan losses(1)	9,599	17,013	14,134	9,750	7,077
Balance at end of period	49,122	43,297	35,514	29,010	24,310
Ratio of net-charge-offs to average loans outstanding during the period	.26%	.39%	.35%	.29%	.28%

</TABLE>

(1) The allowance for loan losses provides for losses inherent in the Company's loan portfolio. Management reviews the adequacy of the allowance each quarter. The overall allowance is evaluated based on a continuing assessment of problem loans, historical loss experience, new lending products, emerging credit rends, changes in the size and character of loan categories, and other factors including its risk rating system, regulatory guidance and economic conditions. Management has determined that the allowances for loan losses is adequate, although financial market volatility, economic reversals or decreased customer earnings from operations could require an increase in the required allowance.

Management allocates the allowance for loan losses by loan category, but even with the various methods employed by management in allocating the allowance, certain inherent, but undetected, losses are probable within the loan portfolio. Commercial, financial and agricultural allocations are based on a quarterly review of individual loans outstanding and binding commitments to lend. Reserves are allocated based on actual loss experience and to credits with similar risk characteristics.

Real estate loan allocations are based on quarterly reviews of individual loans and discounted cash flow analysis and independent appraisals. Consumer loan allocations are based on an analyses of product mix, credit scoring, migration analyses, losses from fraud, and bankruptcy experience and historical and expected delinquency and charge off statistics.

Although the allocation of the allowance is an important management tool, no portion of the allowance is restricted to any individual loan or group of loans, rather the entire allowance is available to absorb losses from the entire loan portfolio.

ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses has been allocated according to the amount deemed to be reasonably necessary to provide for the possibility of losses incurred within the following categories of loans for each for the five years indicated.

<TABLE>
<CAPTION>

	December 31									
	1998		1997		1996		1995		1994	
	Amount of allow-ance	Percent of loans in each category to total loans	Amount of allow-ance	Percent of loans in each category to total loans	Amount of allow-ance	Percent of loans in each category to total loans	Amount of allow-ance	Percent of loans in each category to total loans	Amount of allow-ance	Percent of loans in each category to total loans
	(in thousands of dollars)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial, and agricultural	9,842	18%	8,659	20%	7,813	20%	7,264	21%	6,887	22%
Real estate:										
Construction	4,420	8	4,330	9	3,196	7	3,006	6	2,731	6
Mortgage	8,335	36	6,495	30	5,327	26	3,567	27	3,352	31
Consumer	24,561	37	21,649	40	17,402	46	12,737	45	9,457	40
Lease financing	1,964	1	2,164	1	1,776	1	2,436	1	1,883	1
Total	49,122	100%	43,297	100%	35,514	100%	29,010	100%	24,310	100%

</TABLE>

DEPOSITS

The following table sets out the average amount of deposits and the average rate paid on such deposits for the periods indicated. There were no material deposits by foreign depositors in domestic offices. There were no material deposits in foreign banking offices.

<TABLE>
<CAPTION>

	Year Ended December 31					
	1998		1997		1996	
	Amount	Rate	Amount	Rate	Amount	Rate
	(in thousands of dollars)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Non-interest bearing demand deposits	413,724	-	328,423	-	305,989	-
Interest bearing demand deposits	322,117	1.05%	261,931	1.24%	256,561	1.54%
Savings deposits	1,162,749	3.94	1,043,212	4.09	902,148	4.25
Time deposits	1,561,417	5.44	1,321,247	5.54	1,187,861	5.53
Total	3,460,007		2,954,813		2,652,559	

</TABLE>

Summarized below are outstanding maturities of time deposits of $100,000 or more issued by domestic offices (which consist entirely of time certificates of deposit) at December 31, 1998 (in thousands of dollars):

Time remaining until maturity	Amount
3 months or less	302,599
Over 3 through 6 months	226,375
Over 6 through 12 months	179,392
Over 12 months	180,339
Total	888,705

RETURN ON EQUITY AND ON TOTAL ASSETS

The following table shows consolidated operating and capital ratios for the Company for each of the last three years.

	Year Ended December 31		
	1998	1997	1996
Return on average total assets	1.66%	1.58%	1.51%
Return on average equity*	22.15%	20.92%	19.44%
Dividend payout percent**	38.55%	33.33%	34.35%
Average equity to assets percent	7.52%	7.57%	7.76%
Tier 1 capital to total assets (leverage ratio)	8.03%	8.69%	7.66%
Tier 1 capital to risk-weighted assets	11.79%	12.61%	11.05%
Total capital to risk-weighted assets	13.04%	13.86%	12.30%

* exclusive of mark-to-market adjustment.
** includes special 1998 dividend increase which accompanied the 2-for-1 stock split effective July 1, 1998.
See "Management's Discussion and Analysis of Financial Condition and Results of Operations" of the Registrant's Annual Report for discussion of minimum capital requirements.

SHORT-TERM BORROWINGS

The following table shows the distribution of the Company's short-term borrowings and the weighted average interest rates thereon at the end of the last three years. Also provided are the maximum amounts of borrowings and the average amounts of borrowings as well as weighted average interest rates for the reported years.

	Year Ended December 31 (in thousands of dollars)		
	1998	1997	1996
Federal funds purchased and securities sold under agreements to repurchase:			
Balance at year-end	591,829	423,573	298,410
Weighted average interest rate payable at year-end	4.32%	5.04%	5.09%
Maximum amount outstanding at any month end	591,829	540,622	398,898
Average outstanding balance (total daily outstanding principal balance divided by 365)	470,349	445,863	336,727
Weighted average interest rate (related interest expense divided by the average outstanding balance)	4.84%	5.08%	4.91%

ITEM 2. PROPERTIES.

Main Office: NBC leases as its main office approximately 37% -- 172,650_ rentable square feet -- of the Commerce Square Complex (the "Complex"), which includes a thirty-two story office building known as Commerce Square Tower, a nine-story parking garage and a building known as NBC's main office building. NBC owns two parcels of land (approximately 74.25 feet by 148.5 feet) adjacent to the Complex which house a building that is presently used by the Bank for storage.

Other Offices: As of December 31, 1998, NBC operated 29 branch and SUPER MONEY MARKET(R) facilities in Memphis and Shelby County, Tennessee, two SUPER MONEY MARKET facilities located in Jackson, Tennessee, one SUPER MONEY MARKET facility located in Cleveland, Tennessee, one branch facility in Somerville, Tennessee, two SUPER MONEY MARKET facilities and two branches in Collierville, Tennessee, one SUPER MONEY MARKET facility and three branches in West Memphis, Arkansas, and one branch in Marion, Arkansas. NBC intends to continue opening branches at such time and places as management deems prudent and feasible, subject to approval of regulatory authorities.

Twelve of the 20 traditional branches operated by NBC are leased. In addition, the building housing one branch is owned by NBC but subject to a ground lease. Leases on the 13 branches have remaining terms ranging from one month to 18 years (excluding renewal options). The average unexpired portion of the lease terms at December 31, 1998 is 6 years, including ground leases. The remaining four branches are owned in fee. Aggregate annual rentals on the 12 leased branch properties including NBC space in Commerce Square Complex, the SUPER MONEY MARKET branch facilities and the free-standing ATM locations amounted to approximately $3,555,000 at December 31, 1998.

Commerce General occupies approximately 9,700 square feet of NBC's space in the Complex and pays approximately $121,000 per year for this space. Commerce Capital leases approximately 4,000 square feet totaling approximately $49,000 in annual rent in 1998. NBC Capital Markets Group leases approximately 17,100 square feet located at 850 Ridge Lake Boulevard, Memphis, Tennessee and paid approximately $269,000 in 1998.

The Nashville Bank has been granted the right to operate branches in area Kroger stores. Initial terms of the license agreements are for one year, with multiple renewal options. In 1998, Nashville paid approximately $885,000 for licensed space and administrative office space.

The Knoxville Bank also has been granted the right to operate branches in area Kroger stores in the Knoxville, Tennessee; Raleigh/Durham, North Carolina; and Greensboro, North Carolina areas; and in certain areas in Georgia. Initial terms of the license agreements are for one year, with multiple renewal options. In 1998, Knoxville paid approximately $1,351,000 for licensed space and administrative office space.

NBC Bank, FSB (Belzoni) has been granted the right to operate branches in area Kroger stores in Roanoke, Virginia and Blacksburg, Virginia. Initial terms of the license agreements are for one year, with multiple renewal options. In 1998, Belzoni paid approximately $274,000 for licensed and leased space.

NBC owns property at 1895 Union Avenue, 309 Monroe Avenue and 5049 Summer Avenue in Memphis, and 7770 Poplar Avenue in Germantown, Tennessee and 6005 Stage Road in Bartlett, Tennessee, suburbs of Memphis in Shelby County. The property at 1895 Union is the location of Union Avenue Branch operations. The Cloverleaf Branch operations are at 5049 Summer Avenue. The Consumer Lending and Indirect Loan operations area is located at 309 Monroe, which is also being used for parking for NBC employees. The Germantown Branch operation, the operations of the residential and commercial construction lending, mortgage lending, aircraft lending areas and satellite operations of one of the Bank's subsidiaries and a Company affiliate are located at 7770 Poplar Avenue. The Bartlett Branch operation is located at 6005 Stage Road.

ITEM 3. LEGAL PROCEEDINGS.

Not Applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not Applicable.

ITEM X. EXECUTIVE OFFICERS OF THE REGISTRANT.

<TABLE>
<CAPTION>
Executive Officers

<S> <C> <C>

Name	Age	Office Held
Thomas M. Garrott	61	Chairman of the Board, President, Chief Executive Officer and Director of the Company
Lewis E. Holland	56	Vice Chairman, Treasurer and Chief Financial Officer of the Company
William R. Reed, Jr.	52	Vice Chairman of the Company
Gary L. Lazarini	57	Executive Vice President of NBC and Chairman of NBC Capital Markets Group, Inc.
Mackie H. Gober	52	Executive Vice President of the Company
Gus B. Denton	58	Secretary of the Company
Tom W. Scott	55	President of Commerce General Corporation
David T. Popwell	39	Executive Vice President

</TABLE>

Of the foregoing officers, Messrs. Garrott, Holland, and Reed are also a directors of the Company.

The above officers have served in the capacities shown for more than five years except for the following:

Mr. Holland was elected Vice Chairman and Director of the Company in June 1997. He was Executive Vice President of the Company from August 1995 until June 1997. He was elected Treasurer of the Company in June 1995. He was Vice President from July 1994 until August 1995.

Mr. Reed was elected Vice Chairman and Director of the Company in June 1997 and was Executive Vice President of the Company from August 1995 until June 1997.

Mr. Gober was elected Executive Vice President of the Company in January 1998 and was President of NBC from August 1995 until January 1998. He was Executive Vice President and Retail Credit Group Head of NBC from January 1992 until August 1995.

Mr. Denton was elected Secretary of the Company in June 1995.

Mr. Popwell was elected Executive Vice President of the Company in August 1998. Prior to that time he was an attorney with Baker, Donelson, Bearman and Caldwell.

PART II.

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Market quotations for the Company's common stock and cash dividends per share, as restated to give retroactive recognition to all stock dividends and stock splits, are as follows:

<TABLE>
<CAPTION>
<S> <C> <C> <C> <C>

	Fourth	Third	Second	First
1998:				
High	$19.06	$25.75	$23.38	$21.57
Low	13.94	16.50	19.69	15.13
Cash dividends*	.09	.08	.08	.07
1997:				
High	$17.88	$13.82	$11.81	$11.50
Low	13.59	11.44	9.63	8.94
Cash dividends	.07	.05	.06	.05

</TABLE>

* includes special dividend increase which accompanied the 2-for-1 stock split effective July 1, 1998.

The Company's stock is traded over-the-counter on the Nasdaq National Market tier and is quoted under the trade symbol NCBC. The stock prices listed in the table were obtained from Nasdaq and represent the high and low closing sales prices. At December 31, 1998, there were approximately 3,600 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA.
Not Covered by Auditors' Report
In Thousands of Dollars, Except Per Share and Ratio Data

	1998	1997	1996	1995	1994
Net interest income	192,618	$ 162,821	$ 135,466	$ 120,025	$ 110,021
Net income	85,141	69,780	57,513	49,035	44,342
Per common share data:*					
Basic earnings per share	.85	.71	.59	.50	.46
Diluted earnings per share	.83	.69	.57	.49	.44
Cash dividends declared	.32	.23	.20	.18	.16
Book value	4.03	3.61	3.22	2.99	2.29
Total average equity	384,342	333,528	295,826	272,477	239,903
Total average assets	5,114,126	4,404,852	3,812,114	3,214,291	2,845,135
Average debt:					
Federal Home Loan Bank advances	552,176	405,308	417,316	294,833	262,125
Other borrowed funds and long term debt	103,103	156,152	60,284	6,382	6,384
Capital trust pass-through securities	49,891	38,079	-	-	-
Ratios:					
Average equity to average assets	7.52%	7.57%	7.76%	8.48%	8.43%
Return on average equity	22.15	20.92	19.44	18.00	18.48
Return on average assets	1.66	1.58	1.51	1.53	1.56

* After retroactive adjustment for all stock dividends and stock splits declared through December 31, 1998.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 22 through 29 in the Registrant's 1998 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information appearing under the caption "Liquidity and Interest Rate Sensitivity Management" appearing on page 26 of the 1998 Annual Report to Shareholders is incorporated herein by reference (see Item 7, Management's Discussion and Analysis).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The report of independent auditors and consolidated financial statements on pages 30 through 48 in the Registrant's 1998 Annual Report to Shareholders are incorporated herein by reference.

Quarterly Results of Operations on page 47 of the Registrant's 1998 Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable.

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF REGISTRANT.

Except for information contained in Item X above pertaining to executive officers of the Registrant, the information required by Item 10 is incorporated herein by reference from the Registrant's Proxy Statement relating to the Registrant's 1999 Annual Meeting of Shareholders under the caption "Management of the Company".

ITEM 11. EXECUTIVE COMPENSATION.

The information under the caption "Compensation of Management" in the Registrant's Proxy Statement for the 1999 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information under the captions "Management of the Company and Other Information" and "Principal Shareholders" in the Registrant's Proxy Statement for the 1999 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information under the caption "Certain Transactions with Directors and Management" in the Registrant's Proxy Statement for the 1999 Annual Meeting of Shareholders is incorporated herein by reference.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K.

(a)(1) and (2) and (c) The response to this portion of Item 14 is submitted as a separate section of this report.

(a)(3) Listing of Exhibits:

Exhibit No.	Description
3.1	Charter of National Commerce Bancorporation as amended and restated and filed as Exhibit 3.1 to the Registrant's Form 10-Q for the quarter ended June 30, 1998 (File NO. 0-6094) and incorporated herein by reference.
3.2	Bylaws of National Commerce Bancorporation as amended filed as Exhibit 3.2 to the Registrant's Form 10-K for the year ended December 31, 1995 (File No. 0-6094) and incorporated herein by reference.
4.1	Specimen Stock Certificate filed as Exhibit 4.1 to the Registrant's Form 10-K for the year ended December 31, 1996 (File No. 0-6094) and incorporated herein by reference.
10.1	Form of Promissory Notes of NBC payable to The Mallory Partners, filed as Exhibit 10.1 to the Registrant's Form 10-K for the year ended December 31, 1987 (File No. 0-6094) and incorporated herein by reference.
10.2	Employment Agreement dated as of January 1, 1992, by and between National Bank of Commerce and William R. Reed, Jr., filed as Exhibit 10.8 to the Registrant's Form 10-K for the year ended December 31, 1992 (File No. 0-6094) and incorporated herein by reference.
10.3	Employment Agreement dated as of September 1, 1993, by and between National Bank of Commerce and Thomas M. Garrott, filed as Exhibit 10.9 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094) and incorporated herein by reference.
10.4	Employment Agreement dated as of September 1, 1993, by and between National Bank of Commerce and Gary L. Lazarini, filed as Exhibit 10.10 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094) and incorporated herein by reference.
10.5	Employment Agreement dated as of September 1, 1993, by and between National Bank of Commerce and Mackie H. Gober, filed as Exhibit 10.11 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094) and incorporated herein by reference.

10.6 Deferred Compensation Agreement as of December 1, 1983, for Thomas M. Garrott, filed as

Exhibit 10c(2) to the Registrant's Form 10-K for the year ended December 31, 1984 (File No. 0-6094) and incorporated herein by reference.

10.7 Employment Agreement dated as of July 1, 1994, by and between National Bank of Commerce and Lewis E. Holland filed as Exhibit 10.14 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094) and incorporated herein by reference.

10.8 First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce and William R. Reed, Jr.

10.9 First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce and Thomas M. Garrott.

10.10 First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce and Gary L. Lazarini.

10.11 First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce and Mackie H. Gober.

10.12 First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce and Lewis E. Holland.

10.13 Employment Agreement dated as of August 17, 1998, by and between National Commerce Bancorporation, National Bank of Commerce and David T. Popwell.

10.14 Bonus Incentive Plan, filed as Exhibit 10c(1) to the Registrant's Form 10-K for the year ended December 31, 1980 (File No. 0-6094) and incorporated herein by reference.

10.15 1990 Stock Plan, filed as Exhibit A to the Registrant's Proxy Statement for the 1990 Annual Meeting of Shareholders and incorporated herein by reference.

10.16 1994 Stock Plan, filed as Exhibit A to the Registrant's Proxy Statement for the 1994 Annual Meeting of Shareholders and incorporated herein by reference.

10.17 Amendment Number One National Commerce Bancorporation 1994 Stock Plan, as amended and Restated Effective as of November 1, 1996.

10.18 Resolution authorizing Pension Restoration Plan, filed as Exhibit 10(c)(7) to the Registrant's Form 10-K for the year ended December 31, 1986 (File No. 0-6094) and incorporated herein by reference.

10.19 National Commerce Bancorporation Deferred

Compensation Plan effective January 1, 1999

13 Registrant's 1998 Annual Report to Shareholders.

21 Subsidiaries of the Registrant.

23 Consent of Independent Auditors.

27 Financial Data Schedule.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed by the Registrant during the last quarter of the period covered by this report.

(d) Financial Statement Schedules:

None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

NATIONAL COMMERCE BANCORPORATION
(Registrant)

/s/ Thomas M. Garrott
Thomas M. Garrott
Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

March 11, 1999 Dated	/s/ Thomas M. Garrott Thomas M. Garrott Chairman of the Board (Principal Executive Officer)
March 11, 1999 Dated	/s/ Lewis E. Holland Lewis E. Holland Vice Chairman, Treasurer, and Chief Financial Officer (Principal Financial Officer)
March 11, 1999 Dated	/s/ Mark A. Wendel Mark A. Wendel Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)
/s/ Phillip H. McNeill, Sr. Director	/s/ Thomas C. Farnsworth, Jr. Director
/s/ R. Grattan Brown, Jr. Director	/s/ James E. McGehee, Jr. Director
/s/ J. Bradbury Reed Director	/s/ G. Mark Thompson Director
/s/ Lewis E. Holland Director	/s/ Bruce E. Campbell, Jr. Director
/s/ William R. Reed, Jr. Director	

Dated: March 11, 1999

ANNUAL REPORT ON FORM 10-K

ITEM 14(a)(1) and (2), and (c)

LIST OF FINANCIAL STATEMENTS

CERTAIN EXHIBITS

YEAR ENDED DECEMBER 31, 1998

NATIONAL COMMERCE BANCORPORATION

MEMPHIS, TENNESSEE

FORM 10-K -- ITEMS 14(a)(1) and (2)

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS

The following consolidated financial statements and report of independent auditors of National Commerce Bancorporation and Subsidiaries, included in the Annual Report of the Registrant to its shareholders for the year ended December 31, 1998, are incorporated by reference in Item 8:

Report of Independent Auditors

Consolidated Balance Sheets--December 31, 1998 and 1997

Consolidated Statements of Income--Years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Cash Flows--Years ended December 31, 1998, 1997 and 1996

Consolidated Statements of Stockholders' Equity--Years ended December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements--December 31, 1998

Schedules to the consolidated financial statements required by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable, and therefore have been omitted.

EXHIBIT INDEX

Exhibit	Description of Exhibit
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3.2	Bylaws of National Commerce Bancorporation as amended filed as Exhibit 3.2 to the Registrant's Form 10-K for the year ended December 31, 1995 (File No. 0-6094).
4.1	Specimen Stock Certificate filed as Exhibit 4.1 to the Registrant's Form 10-K for the year ended December 31, 1996 (File No. 0-6094).
10.1	Form of Promissory Notes of National Bank of Commerce payable to The Mallory Partners filed as Exhibit 10.1 to the Registrant's Form 10-K for the year ended December 31, 1987 (File No. 0-6094).
10.2	Employment Agreement dated as of January 1, 1992, by and between National Bank of Commerce and William R. Reed, Jr. filed as Exhibit 10.8 to the Registrant's Form 10-K for the year ended December 31, 1992 (File No. 0-6094).
10.3	Employment Agreement dated as of September 1, 1993, by and between National Bank of Commerce and Thomas M. Garrott filed as Exhibit 10.9 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094).
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10.5	Employment Agreement dated as of September 1, 1993, by and between National Bank of Commerce and Mackie H. Gober filed as Exhibit 10.11 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094).

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10.7	Employment Agreement dated as of July 1, 1994 by National Commerce Bancorporation and between Lewis E. Holland, filed as Exhibit 10.14 to the Registrant's Form 10-K for the year ended December 31, 1994 (File No. 0-6094).
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10.10	First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce, and Gary L. Lazarini.
10.11	First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce, and Mackie H. Gober.
10.12	First Amendment to Agreement Respecting Employment dated July 27, 1998 by and between National Commerce Bancorporation, National Bank of Commerce, and Lewis E. Holland.
10.13	Employment Agreement dated as of August 17, 1998, by and between National Commerce Bancorporation, National Bank of Commerce and David T. Popwell.
10.14	Bonus Incentive Plan, filed as Exhibit 10c(1) to the Registrant's Form 10-K for the year ended December 31, 1980 (File No. 0-6094).
10.15	1990 Stock Plan, filed as Exhibit A to the Registrant's Proxy Statement for the 1990 Annual Meeting of Shareholders.
10.16	1994 Stock Plan, filed as Exhibit A to the Registrant's Proxy Statement for the 1994 Annual Meeting of Shareholders.
10.17	Amendment Number One National Commerce Bancorporation 1994 Stock Plan, as Amended and Restated Effective as of November 1, 1996.
10.18	Resolution authorizing Pension Restoration Plan, filed as Exhibit 10(c)(7) to the Registrant's Form 10-K for the year ended December 31, 1986 (File No. 0-6094).
10.19	National Commerce Bancorporation Deferred Compensation Plan effective January 1, 1999.
13	Registrant's 1998 Annual Report to Shareholders.
21	Subsidiaries of the Registrant.
23	Consent of Independent Auditors.
27	Financial Data Schedule

EXHIBIT 10.8
FIRST AMENDMENT TO
AGREEMENT RESPECTING EMPLOYMENT

THIS FIRST AMENDMENT TO AGREEMENT RESPECTING EMPLOYMENT ("First Amendment"), dated as of the 27th of July 1998, is made and entered into by and between National Bank of Commerce, a national banking association (the "Company"), National Commerce Bancorporation, a Tennessee corporation ("NCBC"), and William R. Reed, Jr. ("Employee") and amends certain provisions of the Agreement Respecting Employment by and between the Company, NCBC and Employee, dated as of January 1, 1992 (the "Agreement").

WHEREAS, the Company, NCBC and Employee have determined that it is in the best interests of the parties to the Agreement to amend the Agreement to modify certain provisions.

NOW, THEREFORE, the parties hereto agree as follows:

I . Section 3(C) of the Agreement is hereby amended by adding the following sentence to the end of such Section:

For purposes of this Section 3(C), payments from NCBC or any affiliate or successor of the Company or NCBC shall be treated as payments from the Company.

2. Section 3(D)(iii) of the Agreement is hereby amended by adding the following provisions to the end of such Section:

(c) If Employee gives the Notice of Exercise, in addition to the lump sum payment under paragraph (a) above, the Company shall pay to Employee in a lump sum in cash within five (5) business days after the delivery of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion, thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise (such amount being referred to as the"Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) the amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the company=s qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan immediately prior to the Change of Control), and the National Bank of Commerce Supplemental Employee Retirement Plans Amended and Restated

(the "SERP") which Employee would receive if Employee's employment continued for three years after the date of the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the date of the Notice of Exercise;

(d) If Employee gives the Notice of Exercise, for three years after the date of the Notice of Exercise, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents at least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; provided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided

under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the date of the Notice of Exercise and to have retired on the last day of such period;

3. Except as expressly modified hereby, the terms and provisions of the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first above written.

William R. Reed, Jr.

NATIONAL BANK OF COMMERCE

By:

NATIONAL COMMERCE BANCORPORATION

By:

EXHIBIT 10.9

FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT RESPECTING EMPLOYMENT

THIS FIRST AMENDMENT TO AMENDED AND RESTATED AGREEMENT RESPECTING EMPLOYMENT ("First Amendment"), dated as of the 27 day of July 1998, is made and entered into by and between National Bank of Commerce, a national banking association (the "Company"), National Commerce Bancorporation, a Tennessee corporation (the "NCBC"), and Thomas M. Garrott ("Employee") and amends certain provisions of the Amended and Restated Agreement Respecting Employment by and between the Company, NCBC and Employee, dated as of September 1, 1993 (the "Agreement").

WHEREAS, the Company, NCBC and Employee have determined that it is in the best interests of the parties to the Agreement to amend the Agreement to modify certain provisions.

NOW, THEREFORE, the parties hereto agree as follows:

I . Section 3(C) of the Agreement is hereby amended by adding the following sentence to the end of such Section:

For purposes of this Section 3(C), payments from NCBC or any affiliate or successor of the Company or NCBC shall be treated as payments from the Company.

2. Section 3(D)(ii) of the Agreement is hereby amended by amending the first two sentences of the such Section to read in their entirety as follows:

> If, while the Employee is employed by the Company on active status or part-time status pursuant to either Section 4(C)(i), (ii) or (iii) or Section 4(F), a Change in Control (as defined in subsection (b) of Section 3(D)(i)) occurs, Employee may, in his sole discretion, within eighteen (18) months after the date of the Change in Control Twelve (12) months after the date of the Change in Control if he is on part-time status at the time of the Change in Control), give notice to the Secretary of the Company that he intends to elect to exercise his rights under this Section 3(D) (the "Notice of Intention"). The right to give such Notice of Intention to elect to receive the payment provided for in subsection (iii) of this Section 3(D) shall continue for eighteen (18) or twelve (12) months from the date of the Change in Control, respectively, irrespective of any action by the Company pursuant to Section 4(A)(iii) or Section 4(F) or by Employee pursuant to Section 4(C)(ii) or (iii) within such eighteen (18) or twelve (12) month period.

3. Section 3(D)(iii) of the Agreement is hereby amended by adding the following provisions to the end of such Section.

(c) If Employee gives the Notice of Exercise, in addition to the lump sum payment under paragraph (a) above, the Company shall pay to Employee in a lump sum in cash within five (5) business days after the date of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise (such amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) the amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan immediately prior to the Change of Control), and the National Bank of Commerce Supplemental Employee Retirement Plan as Amended and Restated (the "SERP") which Employee would receive if Employee's employment continued for three years after the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is the Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the Date of the date of the Notice of Exercise; and

(d) If Employee gives the Notice of Exercise, for three years after the date of the Notice of Exercise, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy the Company shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents at least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; ided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the Notice of

Exercise and to have retired on the last day, if such period. In addition to, and not in limitation of, the benefits provided by the foregoing, after termination of Employee's employment with the Company, the Company shall at least provide medical and dental insurance coverage for Employee and his spouse for their lifetimes that is comparable to the medical and dental insurance coverage provided by the Company to its principal executive officers as of September 1, 1993, and the Company shall be entitled to credits for coverage to Employee and his spouse provided by Medicare.

(e) If Employee gives the Notice of Exercise, Employee shall be entitled to the provision of the benefits and services set forth in Section 4(D)(viii) of the Agreement until the later of (a) Employee's attainment of age 65 or (b) Employee ceasing to be on the Board of Directors of NCBC, the Company or their successors.

4. Except as expressly modified hereby, the terms and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first above written.

Thomas M. Garrott

NATIONAL BANK OF COMMERCE

By:

NATIONAL COMMERCE BANCORPORATION

By:

EXHIBIT 10.10
FIRST AMENDMENT TO
AGREEMENT RESPECTING EMPLOYMENT

THIS FIRST AMENDMENT TO AGREEMENT RESPECTING EMPLOYMENT ("First Amendment"), dated as of the 27th of July 1998, is made and entered into by and between National Bank of Commerce, a national banking association (the "Company"), National Commerce Bancorporation, a Tennessee corporation ("NCBC"), and Gary L. Lazarini ("Employee") and amends certain provisions of the Agreement Respecting Employment by and between the Company, NCBC and Employee, dated as of January 1, 1992 (the "Agreement").

WHEREAS, the Company, NCBC and Employee have determined that it is in the best interests of the parties to the Agreement to amend the Agreement to modify certain provisions.

NOW, THEREFORE, the parties hereto agree as follows:

I . Section 3(C) of the Agreement is hereby amended by adding the following sentence to the end of such Section:

For purposes of this Section 3(C), payments from NCBC or any affiliate or successor of the Company or NCBC shall be treated as payments from the Company

2. Section 3(D)(iii) of the Agreement is hereby amended by adding the following provisions to the end of such Section:

(c) If Employee gives the Notice of Exercise, in addition to the lump sum payment under paragraph (a) above, the Company shall pay to Employee in a lump sum in cash within five (5) business days after the delivery of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion, thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise (such amount being referred to as the"Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) the amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the company=s qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan immediately prior to the Change of Control), and the

National Bank of Commerce Supplemental Employee Retirement Plans Amended and Restated (the "SERP") which Employee would receive if Employee's employment continued for three years after the date of the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the date of the Notice of Exercise;

(d) If Employee gives the Notice of Exercise, for three years after the date of the Notice of Exercise, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents at least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; provided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the date of the Notice of Exercise and to have retired on the last day of such period;

3. Except as expressly modified hereby, the terms and provisions of the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first above written.

Gary L. Lazarini

NATIONAL BANK OF COMMERCE

By:

NATIONAL COMMERCE BANCORPORATION

By:

EXHIBIT 10.11
FIRST AMENDMENT TO
AGREEMENT RESPECTING EMPLOYMENT

THIS FIRST AMENDMENT TO AGREEMENT RESPECTING EMPLOYMENT ("First Amendment"), dated as of the 27th of July 1998, is made and entered into by and between National Bank of Commerce, a national banking association (the "Company"), National Commerce Bancorporation, a Tennessee corporation ("NCBC"), and Mackie H. Gober ("Employee") and amends certain provisions of the Agreement Respecting Employment by and between the Company, NCBC and Employee, dated as of January 1, 1992 (the "Agreement").

WHEREAS, the Company, NCBC and Employee have determined that it is in the best interests of the parties to the Agreement to amend the Agreement to modify certain provisions.

NOW, THEREFORE, the parties hereto agree as follows:

I . Section 3(C) of the Agreement is hereby amended by adding the following sentence to the end of such Section:

For purposes of this Section 3(C), payments from NCBC or any affiliate or successor of the Company or NCBC shall be treated as payments from the Company.

2. Section 3(D)(iii) of the Agreement is hereby amended by adding the following provisions to the end of such Section:

(c) If Employee gives the Notice of Exercise, in addition to the lump sum payment under paragraph (a) above, the Company shall pay to Employee in a lump sum in cash within five (5) business days after the delivery of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion, thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise (such amount being referred to as the"Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) the amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the company=s qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan immediately prior to the Change of Control), and the National Bank of Commerce Supplemental Employee Retirement Plans Amended and

Restated (the "SERP") which Employee would receive if Employee's employment continued for three years after the date of the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the date of the Notice of Exercise;

(d) If Employee gives the Notice of Exercise, for three years after the date of the Notice of Exercise, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents at least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; provided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of

determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the date of the Notice of Exercise and to have retired on the last day of such period;

3. Except as expressly modified hereby, the terms and provisions of the Employment Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first above written.

Mackie H. Gober

NATIONAL BANK OF COMMERCE

By: ----------------------

NATIONAL COMMERCE BANCORPORATION

By: ----------------------

EXHIBIT 10.12

FIRST AMENDMENT TO

AGREEMENT RESPECTING EMPLOYMENT

THIS FIRST AMENDMENT TO AGREEMENT RESPECTING EMPLOYMENT ("First Amendment"), dated as of the 27th day of July 1998, is made and entered into by and between National Bank of Commerce, a national banking association (the "Company"), National Commerce Bancorporation, a Tennessee corporation (the "NCBC"), and Lewis E. Holland ("Employee") and amends certain provisions of the Agreement Respecting Employment by and between the Company, NCBC and Employee, dated as of July 1, 1994 (the "Agreement").

WHEREAS, the Company, NCBC and Employee have determined that it is in the best interests of the parties to the Agreement to amend the Agreement to modify certain provisions.

NOW, THEREFORE, the parties hereto agree as follows:

1. Section 3(C) of the Agreement is hereby amended by adding the following sentence to the end of such Section:

> For purposes of this Section 3(C), payments from NCBC or any affiliate or successor of the Company or NCBC shall be treated as payments from the Company.

2. Section 3 of the Agreement is hereby amended by relettering paragraph (D) as (E) and by adding a new paragraph (D) to read in its entirety as follows:

D. (i) <u>Change in Control - Operation of Section 3(D).</u>

(a) This Section 3(D) shall be effective, but not operative, immediately upon execution of the First Amendment to this Agreement by the parties hereto and shall remain in effect so long as Employee remains employed by the Company on active status or part-time status, but shall not be operative unless and until there has been a Change in Control, as defined in subsection (i)(b) hereof. Upon such a Change in Control, this Section 3(D) shall become operative immediately.

(b) "Change in Control" shall mean a change in control of the Company of the Company that shall be deemed to have occurred if any and when, with or without the approval of the Board of Directors of the Company incumbent prior to the occurrence,

(1) more than 25% of the outstanding securities entitled to vote in elections of directors of the Company or of any company which owns 25% of the voting stock of the Company ("Company's Parent") shall be acquired by any person (as such term is used in Sections 13(d) and 14(d)

of the Securities Exchange Act of 1934, as amended) other than by any person which includes Employee; or

2) as the result of a tender offer, merger, consolidation, sale of assets or contested election, or any combination of such transactions, the persons who were directors of the Company or Company's Parent immediately before the transaction shall cease to constitute a majority of the Board of Directors of the Company, Company's Parent or of any successor to either.

(ii) Employee's Rights Upon Change in Control. If a Change in Control (as defined in subsection (b) of Section 3(D)(i)) occurs, while Employee is employed on active status by the Company, Employee may, in his sole discretion, within eighteen (1 8) months after the date of the Change in Control, give notice to the Secretary of the Company that he intends to elect to exercise his rights under this Section 3(D) (the "Notice of Intention"). If a Change in Control occurs within twelve (12) months after Employee has been placed on part-time status pursuant to either Section 4(C)(i) or Section 4(F), Employee may, in his sole discretion, within twelve (12) months after the date of the Change in Control, give notice to the Secretary of the Company that he intends to exercise his rights under

this Section 3(D) (the "Notice of Intention"). The right to give such Notice of Intention to elect to receive the payment provided for in subsection (iii) of this Section 3(D) shall continue for eighteen (I 8) months or twelve (12) months, respectively, from the date of the Change in Control irrespective of any action by the Company pursuant to Section 4(A) (iii) or Section 4(F) within such eighteen (18)or twelve (12) month period. Within thirty (30) days after the Company's receipt of the Notice of Intention, the Company shall provide written notice to Employee setting forth the Company's computation of the amount that would be payable pursuant to subsection (iii) of this Section 3(D), accompanied by the written opinion of the Company's independent certified public accountants confirming the Company's computation. If Employee takes exception to the Company's computation of such amount, Employee may (but shall not be prejudiced in his right to later contest the amount actually paid by failure to do so) give a further written notice to the Company setting forth in reasonable detail Employee's exceptions to the Company's computation, accompanied by the written opinion of Employee's tax advisor confirming the basis for such exceptions. Exercise by Employee of his rights pursuant to this Section 3(D) shall only be made by giving further notice to the Secretary of the Company (the "Notice of Exercise") within six (6) months from the date of the Notice of Intention.

(iii) Payment Upon Change in Control.

(a) If Employee gives the Notice of Exercise described in subsection (ii) of this Section 3(D) to the Company, the Company shall pay employee a lump sum amount equal to three (3) times Employee's base amount (as defined by Section 280C, of the Internal Revenue Code of 1986, as amended the "Code"), less one dollar ($1.00). The Company shall, within five (5) business days after the date of the Notice of Exercise, deliver to Employee its cashier's check in the amount payable pursuant to this subsection (iii)(a) of Section 3(D), and payment of such amount shall terminate Employee's right to receive any and all other payments, rights or benefits pursuant to Sections 3(A), 3(B), 4 and 5 of this Agreement, other than any pavements, rights or benefits arising (x) pursuant to Section 3(C), subsection (iii) of Section 3(D), Section 3(E) or Section 12 of this Agreement, or (y) from any other agreement, plan or policy which by its terms or by operation of law provides for the continuation of such payments, rights or benefits after the termination of Employee's relationship with the Company.

(b) Such lump sum payment shall be in addition to and shall not be offset or reduced by any other amounts payable or that may become payable to Employee, or his beneficiaries, by the Company, including, but not limited to, salary, severance pay, consulting fees, disability benefits, termination benefits, retirement benefits, life and health insurance benefits, or any other compensation or benefit payment that is part of any valid previous, current, or future contract, plan or agreement, written or oral, or any indemnification payments that may be or become payable to Employee pursuant to the provisions of the Company's Certificate of Incorporation, By-laws or otherwise.

(c) In addition to the lump sum payment under paragraph (a) above, the Company shall pay to Employee in a lump sum in cash within five (5) business days after the delivery of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) the amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the

Company's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan immediately prior to the Change in Control), and the National Bank of Commerce Supplemental Employee Retirement Plan as Amended and Restated (the

"SERP") which Employee would receive if Employee's employment continued for three years after the date of the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is the Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the date of the Notice of Exercise;

(d) If Employee gives the Notice of Exercise, for three years after Employee's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents at least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; provided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the Notice of Exercise and to have retired on the last day of such period. In addition to, and not in limitation of, the benefits provided by the foregoing, after termination of Employee's employment with the Company, the Company shall at least provide medical and dental insurance coverage for Employee and his spouse for their lifetimes that is comparable to the medical and dental insurance coverage provided by the Company to its principal executive officers as of July 1, 1994, and the Company shall be entitled to credits for coverage to Employee and his spouse provided by Medicare.

(e) If, within eighteen (18) months following a Change in Control which occurs while Employee is employed on active status by the Company, the Company shall terminate Employee's employment other than for cause (as defined in Section 4(A)(i) hereof) or Employee's disability, or Employee shall terminate for good reason (as defined below), Employee shall be entitled to receive the payments and benefits under Section 3(D)(iii)(a), 3(D)(iii)(c)(1), and 3(D)(iii)(d) and Employee shall remain entitled to receive the pension benefit set forth in Section 4(D)(vi). If Employee wishes to commence receiving such pension benefit prior to age 65 (in a lump sum or otherwise) Employee will be treated as having three (3) additional years of age and service credit and such payments shall be the actuarial equivalent (using assumptions no less favorable to Employee than those in effect under the Company's Retirement Plan as of the Change in Control) of the benefits set forth in Section 4(D)(vi). For purposes of this Section 3(D)(i)(e), "good reason" shall mean the occurrence of any of the following events, without Employee's express written consent: (1) the scope of the duties, and authority assignment to Employee immediately prior to the Change in Control is significantly diminished (without Employee's express written consent) whether or not for cause (other than as defined in Section 4(A)(i)); or (2) a reduction ;in Employee's Base Salary. Notwithstanding the foregoing, any violation of clause (1) above solely attributable to the fact that NCBC may no longer be a public company or may become a subsidiary, or any transfer of the Employee to a substantially similar position with a substantially similar title, level of duties and responsibilities to those assigned to Employee immediately prior to the

Change in Control shall not constitute good reason.

3. Except as expressly modified hereby, the terms and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the date first above written.

Lewis E. Holland

NATIONAL BANK OF COMMERCE

By:

NATIONAL COMMERCE BANCORPORATION

By:

EXHIBIT 10.13

AGREEMENT RESPECTING EMPLOYMENT

THIS AGREEMENT ("this Agreement") entered into as of August 17th, 1998, by and between NATIONAL COMMERCE BANCORPORATION, a Tennessee corporation ("NCBC"), NATIONAL BANK OF COMMERCE, a national banking association (the "Bank"), and DAVID T. POPWELL (Employee).

R E C I T A L S:

NCBC recognizes the experience and expertise Employee has developed over the past several years while engaged in the private practice of law and NCBC now wishes to take steps to assure that NCBC will have the Employee's services available to it by entering into this Agreement Respecting Employment.

Bank is also a party to this Agreement because Employee may also become an executive officer of the Bank with responsibilities generally associated with the Bank's business.

In consideration of the foregoing, the mutual provisions contained herein, and for other good and valuable consideration, the parties agree with each other as follows:

1. EMPLOYMENT

A. NCBC shall employ the Employee as Executive Vice President of NCBC with such duties, powers, authority, functions and responsibilities as said title would imply and with specific responsibility for NCBC's merger and acquisition initiative, and the Employee hereby accepts employment upon such terms and the conditions hereinafter set forth. The Employee may also perform such duties, and have such comparable powers, authority, functions and responsibilities for the Bank, particularly with respect to the Bank's Trust Division, financial services subsidiaries, etc., as may be assigned to him.

B. The Employee shall not, during the term of his employment under this Agreement, be engaged in any other activities if such activities interfere materially with the Employee's current duties, authority and responsibilities for either NCBC or the Bank, except for those other activities as shall hereafter be carried on with NCBC's or the Bank's consent. The Employee shall be entitled to make and manage his personal investments provided such investments or other activities do not violate in any material respect the terms of Sections 6, 7 or 8 hereof.

2. TERM

A. Subject only to the provisions of either Section 3(D) or Section 4 hereof, the term of the Employee's employment under this Agreement shall be for a continually renewing term of three (3) years without any further action by either NCBC or the Employee, it being the intention of the parties that there shall be continuously a term of three (3) years duration of the Employee's employment under this Agreement until an event has occurred as described in, or one of the parties shall have made an election pursuant to, the provisions of either Section 3(D) or Section 4 of this Agreement, provided that such term shall terminate on the date the Employee becomes age 65.

3. COMPENSATION

For all services rendered by the Employee while on active status under this Agreement, NCBC agrees to compensate the Employee for each compensation year (January 1 through December 31) during the term hereof, as follows:

A. Base Salary. A base salary shall be payable to the Employee by NCBC as a guaranteed annual amount under this Agreement equal initially to the sum of $150,000.00 per year (the "Base Salary"), which shall be payable in the intervals consistent with NCBC=s normal payroll schedules (but in no event less than semi-monthly). The Base Salary shall be subject to being increased (but not decreased or adjusted other than as provided in Section 4 of this Agreement) in the sole discretion of the Board of Directors of NCBC but only in such form and to such extent as the Board of Directors may from time to time approve. The official action of the Board of Directors increasing the Base Salary payable to the Employee shall modify the amount of Base Salary stated in this Section 3(A).

B. Other Compensation. The Employee shall be entitled to participate in any incentive or supplemental compensation plan or arrangement instituted by NCBC and covering its principal executive officers and to receive additional compensation from NCBC in such form and to such extent, if any, as the Board of Directors may in its sole discretion from time to time specify and determine; provided, however, in the event the Employee shall go on part-time status for any reason, the Employee shall nevertheless be entitled to be paid pro rata incentive or supplemental compensation for the fiscal year ending in the compensation year in which the Employee goes on part-time status, for the number of calendar months during such fiscal year that Employee shall have been on active status, at the same time, on the same basis and to the extent as any of NCBC's principal executive officers on active status are selected by the Board of Directors to receive any incentive or supplemental compensation award for such fiscal year, in no event, however, shall such incentive or supplemental compensation be less than $75,000.00 per year and pro rated for anything less than a full calendar year. The phrase "principal executive officer" as used in this Agreement shall mean the chief executive officer of NCBC and other executive officers of NCBC who are from time to time designated as an executive officer by the Board of Directors.

C. Tax Indemnity. Should any of the payments of Base Salary, other incentive or supplemental compensation, benefits, allowances, awards, payments, reimbursements or other perquisites (including the payments provided for under this Section 3(C)), singly, in any combination or in the aggregate, that are provided for hereunder to be paid to or for the benefit of the Employee (including, without limitation, the payment provided for in Section 3(D) hereof) or under any other plan, agreement or arrangement between the Employee and NCBC, be determined or alleged to be subject to an excise or similar purpose tax pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended, or any successor or other comparable federal, state or local tax laws, NCBC shall pay to the Employee such additional compensation as is necessary (after taking into account all federal, state and local income taxes payable by the Employee as a result of the receipt of such additional compensation) to place the Employee in the same after tax position (including federal, state and local taxes) he would have been in had no such excise or similar purpose tax (or any interest or penalties thereon) been paid or incurred. NCBC hereby agrees to pay such additional compensation within five (5) business days after the Employee notifies NCBC that the Employee intends to file a tax return which takes the position that such excise or similar purpose tax is due and payable in reliance on a written opinion of the Employee's tax counsel (such tax counsel to be chosen solely by the Employee) that it is more likely than not that such excise tax is due and payable. The costs of obtaining such tax counsel opinion shall be borne by NCBC, and as long as such tax counsel was chosen by the Employee in good faith, the conclusions reached in such opinion shall not be challenged or disputed by NCBC. If the Employee intends to make any payment with respect to any such excise or similar purpose tax as a result of an adjustment to the Employee's tax liability by any federal, state or local tax authority, NCBC will pay such additional compensation by delivering its cashier's check payable in such amount to the Employee within five (5) business days after the Employee notifies NCBC of his intention to make such payment. Without limiting the obligation of NCBC hereunder, the Employee agrees, in the event the Employee makes any payment pursuant to the preceding sentence, to negotiate with NCBC in good faith with respect to procedures reasonably requested by NCBC which would afford NCBC the ability to contest the imposition of such excise tax; provided, however, that the Employee will not be required to afford NCBC any right to contest the applicability of any such excise tax to the extent that the Employee reasonably determines (based upon the opinion of his tax counsel) that such contest is inconsistent with the overall tax interests of the Employee. For purposes of this Section 3(C), payments from Bank or any affiliate or successor of the Bank or NCBC shall be treated as payments from NCBC.

D. (i) Change of Control - Operation of Section 3(D).

(a) This Section 3(D) shall be effective, but not operative, immediately upon execution of this Agreement by the parties hereto and shall remain in effect so long as the Employee remains employed by NCBC on active status and for twelve (12) months after the Employee goes on part-time status, but shall not be operative unless and until there has been a Change in Control, as defined in subsection (i)(b) hereof. Upon such a Change in Control, this Section 3(D) shall become operative immediately.

(b) "Change in Control" shall mean a change in control of NCBC that shall be deemed to have occurred if and when, with or without the approval of the Board of Directors of NCBC incumbent prior to the occurrence,

(1) More than 25% of the outstanding securities entitled to vote in an election of directors of NCBC shall be acquired by any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) other than by any person which includes the Employee; or

(2) As the result of a tender offer, merger, consolidation, sale of assets or contested election, or any combination of such transactions, the persons who were directors of NCBC immediately before the transaction shall cease to constitute a majority of the Board of Directors of NCBC.

(ii) Employee's Rights Upon Change of Control. If a Change in Control (as defined in subsection (b) of Section 3(D)(i)) occurs while the Employee is employed on active status by NCBC, the Employee may in his sole discretion, within eighteen (18) months after the date of the Change of Control, give notice to the Secretary of NCBC that he intends to elect to exercise his rights under this Section 3(D) (the "Notice of Intention"). If a Change of Control occurs within twelve (12) months after the Employee has been placed on part-time status pursuant to either Section 4(c)(i) or Section 4(F), the Employee may, in his sole discretion, within twelve (12) months after the date of the Change of Control, give notice to the Secretary of NCBC that he intends to elect to exercise his rights under this Section 3(D) (the "Notice of Intention"). The right to give such Notice of Intention to elect to receive the payment provided for in subsection (iii) of this Section 3(D) shall continue for eighteen (18) or twelve (12) months respectively from the date of the Change of Control irrespective of any action by NCBC pursuant to Section 4(A)(iii) or Section 4(F) within such eighteen (18) or twelve (12) month period. Within thirty (30) days after NCBC's receipt of the Notice of Intention, NCBC shall provide written notice to the Employee setting forth NCBC's computation of the amount that would be payable pursuant to subsection (iii) of this Section 3(D), accompanied by the written opinion of NCBC's independent certified public accountants confirming NCBC's computation. If the Employee takes exception to NCBC's computation of such amount, the Employee may (but shall not be prejudiced in his right to later contest the amount actually paid by failure to do so) give a further written notice to NCBC setting forth in reasonable detail the Employee's exceptions to NCBC's computation, accompanied by the written opinion of the Employee's tax advisor confirming the basis for such exceptions. Exercise by the Employee of his rights pursuant to this Section 3(D) shall only be made by giving further notice to the Secretary of NCBC (the "Notice of Exercise") within six (6) months from the date of the Notice of Intention.

(iii) Payment upon Change of Control.

(a) If the Employee gives the Notice of Exercise described in subsection (ii) of this Section 3(D) to NCBC, NCBC shall pay the Employee a lump sum amount equal to three (3) times the Employee's base amount (as defined by Section 280G of the Internal Revenue Code of 1986, as amended (the "Code")), less one dollar ($1.00). NCBC shall, within five (5) business days after the date of the Notice of Exercise, deliver to the Employee its cashier's check in the amount payable pursuant to this subsection (iii) (a) of Section 3(D), and payment of such amount shall terminate the Employee's rights to receive any and all other payments, rights or benefits pursuant to Sections 3(A), 3(B), 4 and 5 of this Agreement, other than any payments, rights or benefits arising (x) pursuant to Section 3(C), subsection (iii) of Section 3(D), Section 3(E) or Section 12 of this Agreement, or (y) from any other agreement, plan or policy which by its terms or by operation of law provides for the continuation of such payments, rights or benefits after the termination of the Employee's relationship with NCBC.

(b) Such lump sum payment shall be in addition to and shall not be offset or reduced by any other amounts payable or that may become payable to the Employee, or his beneficiaries, by NCBC, including, but not limited to, salary, bonus, severance pay, consulting fees, disability benefits, termination benefits, retirement benefits, life and health insurance benefits, or any other compensation or benefit payment that is part of any valid previous, current, or future contract, plan

or agreement, written or oral, or any indemnification payments that may be or become payable to the Employee pursuant to the provisions of NCBC's Charter, By-laws or otherwise.

(c) If Employee gives the Notice of Exercise, in addition to the lump sum payment under paragraph (a) above, NCBC shall pay to Employee in a lump sum in cash within five (5) business days after the delivery of the Notice of Exercise the aggregate of the following amounts:

(1) the sum of (A) Employee's Base Salary through the date of the Notice of Exercise, (B) the product of (x) the highest annual bonus paid or payable, including any bonus or portion thereof which has been earned but deferred, during the three year period immediately prior to the date of the Notice of Exercise (such amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the date of the Notice of Exercise, and the denominator of which is 365 and (C) any accrued vacation pay, in each case to the extent not theretofore paid; and

(2) The amount equal to the excess (without any present value discount) of (A) the actuarial equivalent of the benefit under the Bank's qualified defined benefit retirement plan (the "Retirement Plan") (utilizing actuarial assumptions no less favorable to Employee than those in effect under the Bank's Retirement Plan immediately prior to the Change of Control), and the National Bank of Commerce Supplemental Employee Retirement

Plan as Amended and Restated (the "SERP") which Employee would receive if Employee's employment continued for three years after the date of the Notice of Exercise assuming for this purpose that all accrued benefits are fully vested, and, assuming that Employee's compensation in each of the three years is Employee's highest Base Salary during the three year period immediately preceding the date of the Notice of Exercise and the Highest Annual Bonus, over (B) the actuarial equivalent of Employee's actual benefit (paid or payable), if any, under the Retirement Plan and the SERP as of the date of the Notice of Exercise;

(d) If Employee gives the Notice of Exercise, for three years after the date of the Notice of Exercise, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, Bank shall continue to provide welfare benefits (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to Employee and/or Employee's eligible dependents as least equal to those provided to Employee at any time during the 120-day period immediately preceding the Change in Control or, if more favorable to Employee, those provided generally at any time after the Change in Control to other peer executives of the Company and its affiliated companies; provided, however, that if Employee becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of Employee for retiree benefits pursuant to such plans, practices, programs and policies, Employee shall be considered to have remained employed until three years after the date of the Notice of Exercise and to have retired on the last day of such period;

E. Employee's Expenses. All costs and expenses (including reasonable legal, accounting and other advisory fees) incurred by the Employee to (w) defend the validity of this Agreement, (x) contest any determinations by NCBC concerning the amounts payable (or reimbursable) by NCBC to the Employee under this Agreement, (y) determine in any tax year of the Employee the tax consequences to the Employee of any amounts payable (or reimbursable) under Section 3(C) or (D) hereof, or (z) prepare responses to an Internal Revenue Service audit of, and to otherwise defend, his personal income tax return for any year which is the subject of any such audit, or an adverse determination, administrative proceedings or civil litigation arising therefrom that is occasioned by or related to an audit by the Internal Revenue Service of the Bank's income tax returns, are, upon written demand by the Employee, to be promptly advanced or reimbursed to the Employee or paid directly, on a current basis, by NCBC or its successors.

4. TERMINATION, PART-TIME STATUS, AND REVISED COMPENSATION, DEATH, DISABILITY

A. Termination. The employment of the Employee under this Agreement, while the Employee is on active status, may be terminated at any time by NCBC, acting through its Board of Directors (and not a committee thereof),

(i) For cause in the event of (x) the Employee's final conviction of a felony crime involving moral turpitude, or (y) the Employee's deliberate and intentional continuing refusal to substantially perform his duties and obligations under this Agreement (except by reason of incapacity due to illness or accident) if he shall have either failed to remedy such alleged breach within forty-five (45) days from his receipt of written notice from the Secretary of NCBC demanding that he remedy such alleged breach, or shall have failed to take reasonable steps in good faith to that end during such forty-five (45) day period and thereafter, provided that the Employee thereafter shall have received a certified copy of a resolution of the Board of Directors of NCBC adopted by the affirmative vote of a majority of the entire membership of the Board of Directors at a meeting called and held for that purpose and at which the Employee was given an opportunity to be heard, finding that the Employee was guilty of conduct set forth in this clause, that the Employee has failed to take reasonable steps in good faith to remedy such alleged breach, and specifying the particulars thereof in detail,

(ii) Upon a determination that the Employee has engaged in willful fraud or defalcation or other dishonesty involving the funds, assets or the operation of either NCBC or the Bank (or any corporate subsidiaries thereof), or

(iii) For any reason in its sole discretion upon written notice to the Employee effective on the date that is three (3) years after the date on which such notice is received by the Employee.

B. Termination Payment For Cause. In the event of termination of the Employee's employment under this Agreement by NCBC under Section 4(A)(i) or (ii), the Employee shall only be entitled to receive the monthly installment of his Base Salary being paid at the time of such termination, and, if applicable, other compensation, due hereunder, computed on a pro rata basis, up to the effective date of such termination.

C. (i) Part-time Status-Election by NCBC. In the event NCBC shall give Employee notice of termination of the Employee's employment under this Agreement pursuant to Section 4(A) (iii), the Employee shall, subject to the provisions of Section 4(D)(iii) and (v), be placed on part-time employment status for a period of three (3) years after the date on which such notice is received by the Employee.

(ii) Part-time Status-Election by Employee for Cause. Employee shall have the right at any time during his employment on active status, at his sole option and election, by giving written notice to the Secretary of NCBC within six (6) months after the occurrence of the event(s) that are the basis for the giving of such notice, to place himself on part-time employment status and to terminate his employment under this Agreement effective on the date that is three (3) years after the date on which such notice is given by the Employee if, at any time,

(a) NCBC shall violate this Agreement in any material respect; or

(b) The Employee shall not be reelected or reappointed to (other than by his own choice) or shall be removed from (other than by reasons justifying such action by NCBC under Sections 4(A)(i) or (ii), 4(E), or 4(F) of this Agreement) the offices and positions in which Employee is serving on the date of this Agreement or such higher or additional office or position to which the Employee may subsequently be elected; or

(c) The scope of the duties, powers, and authority assigned to the Employee (or attached to the positions specified in Section 4(C)(ii)(b)) on the date hereof is diminished (without the Employee's express consent) whether or not for cause (other than as defined in Section 4(A)(i) or (ii)).

(iii) Termination - Election by Employee. Employee shall have the right at any time during his employment on active status, by giving written notice to the Secretary of NCBC to terminate the Employee's employment under this Agreement effective ninety days (90) after the date on which such notice is given by the Employee. In the

event the Employee shall make such election under this Section 4(C) (iii), the Employee shall, in addition to all other reimbursements, payments or other allowances required to be paid under this Agreement or under any other plan, agreement or policy which survives the termination of this Agreement, be entitled to be paid, in addition to the Base Salary payable during such ninety (90) day period after the giving of such notice, a lump sum payment payable by delivery of NCBC's cashier's check within five (5) business days after the end of such ninety (90) day period, in an amount equal to three (3) monthly installments of the Base Salary (less required tax withholding) in effect pursuant to Section 3(A) hereof at the time the Employee makes such election under this Section 4(C) (iii). Thereupon, this Agreement shall terminate and Employee shall have no further rights under or be entitled to any other benefits of this Agreement, provided that the provisions of Sections 3(C), 3(E)(y), 6, 7, 8 and 12 shall survive such termination.

D. Employee's Rights on Part-time Status. During the period that the Employee is on part-time status,

(i) NCBC shall pay Employee a guaranteed minimum annual Base Salary from the date the Employee goes on part-time status for a period of three (3) years in an amount equal to seventy-five percent (75%) of the average of the total annual direct compensation paid to the Employee by NCBC (whether under this Agreement, a predecessor agreement or otherwise) for the two (2) highest of the three (3) compensation years immediately preceding the compensation year in which the notice specified in Section 4(a)(iii), 4(c)(ii) or Section 4(F) of this Agreement is given. Attached hereto as Exhibit A is a sample calculation showing how Employee's part-time Base Salary would be calculated if Employee went on part-time status under this Agreement during 2002.

As used in this Agreement the phrase "total annual direct compensation" shall mean:

(a) The gross amount of Base Salary (as from time to time adjusted) paid to the Employee during a compensation year; plus

(b) All other forms of direct compensation attributable to that specific compensation year whether or not actually paid to the Employee during a subsequent compensation year. Compensation with respect to this subsection (b) shall include, but not be limited to, allowances or incentive or supplemental compensation awards made to the Employee and any amounts paid by NCBC for the benefit of the Employee into any savings, deferred compensation or similar NCBC-sponsored plan or arrangement. Compensation with respect to this subsection (b) shall not include any amounts that must be recognized as compensation in any such compensation year as a result of the Employee's exercise of a stock option, exercise of a stock appreciation right, disqualified disposition of stock acquired pursuant to the exercise of an incentive or non-qualified stock option. Compensation with respect to this subsection (b) shall also not include any amounts received by the Employee during a compensation year which would, as hereinabove provided, be taken into account in computing the direct compensation for a prior compensation year.

(ii) The guaranteed minimum annual Base Salary payable by NCBC to the Employee pursuant to this Section 4(D) shall be increased (but not decreased) annually on the first anniversary of the date of the Employee's going on part-time status and each anniversary thereafter, on a compound basis, by the greater of (x) five percent (5%) or (y) the same percentage increase (if any) in the Consumer Price Index for All Urban Consumer's - All Items Index, for Region/population size class cross classification for South/B (or any substantially similar index published for the same area) as published by the U.S. Department of Labor, Bureau of Labor Statistics for the twelve (12) month period immediately preceding the first anniversary of the date of the Employee's going on part-time status and on each yearly anniversary thereafter;

(iii) The Employee shall continue to participate (at not less than his highest levels of participation or coverage during the last twelve (12) months the Employee was on active status) in NCBC's or the Bank's pension, group life/medical/dental/accidental disability insurance, thrift, savings, deferred compensation, stock option, unit or award plans and other NCBC or Bank benefit plans that are from time to time available. No change from active to part-time status by Employee pursuant to any provision of this Agreement shall be deemed to constitute a termination or cessation of Employee's employment or a break in Employee's continuous

employment for purposes of any stock option agreement between Employee and NCBC under any stock option plan of NCBC. Subject to the terms of any such stock option agreements and stock option plans, nothing in this Agreement and no action by NCBC or Employee pursuant to any provision of this Agreement shall (1) interrupt or prevent the orderly vesting of Employee in his stock options or accelerate the time at which Employee would otherwise be entitled to exercise his stock options in accordance with the terms of such stock option agreements and stock option plans, or (2) cause Employee's stock options to expire earlier than they otherwise would under such stock option agreements and stock option plans;

(iv) The Employee shall not be prevented from accepting other employment while on part-time status or engaging in (and devoting substantially all of his time to) other business activities that are not in conflict with the limitations set forth in Section 6 hereof;

(v) This Agreement and Employee's continuing employment on part-time status may be terminated at any time by NCBC (x) pursuant to the provisions of Section 4(A)(ii), or (y) if the Employee violates the provisions of Sections 6, 7 or 8, respectively;

(vi) While on part-time status and except as otherwise required herein, the Employee shall not be required to perform any regular duties for NCBC (except to provide such services consistent with the Employee's educational background, experience and prior positions with NCBC, as may be acceptable to the Employee) or to seek or accept additional employment with any other person or firm (although the Employee shall be free to do so, so long as accepting such additional employment or engaging in other business activity is not in conflict in any material respect with the limitations set forth in Section 6 of this Agreement). If the Employee, at his discretion, shall accept any such additional employment or engage in any such other business activity consistent with Section 6 of this Agreement, there shall be no offset, reduction or effect upon any rights, benefits or payments to which the Employee is entitled pursuant to this Agreement. Furthermore, the Employee shall have no obligation to account for, remit, rebate or pay over to NCBC any compensation or other amounts earned or derived in connection with such additional employment or business activity consistent with Section 6 of this Agreement; and

(vii) The Employee shall, however, make himself generally available for special projects or to consult with NCBC and its employees at such times and at such places as may be reasonably requested by NCBC and which shall be reasonably satisfactory to the Employee and consistent with the Employee's regular duties and responsibilities in the course of his then new occupation or other employment, if any.

E. Death. In the event of the Employee's death during the term of his employment hereunder, NCBC shall pay a death benefit to the Employee's surviving spouse or to the executor or administrator of the Employee's estate (if his spouse shall not survive him) an amount equal to two times his annual Base Salary then payable pursuant to Sections 3(A) or 4(D), as the case may be, such death benefit to be paid in forty-eight (48) equal monthly installments commencing on the first day of the month following the date of death of the Employee.

F. Disability. The Employee shall be covered by either NCBC's or the Bank's disability benefit plan as such plan may from time to time exist. NCBC or the Bank may eliminate or change the terms and conditions of said plan at its discretion with no liability to the Employee other than the liability, if any, under such plan which may have accrued up to the elimination or change of such plan. In the event because of physical or mental illness or personal injury while the Employee is on active status or part-time status, the Employee shall become permanently unable or disabled such that he is unable to perform, and in all reasonable medical likelihood, going to continue indefinitely to be unable to perform his normal duties in his regular manner, as determined by independent, competent medical authority,

(i) If such disability determination occurs while the Employee is on active status, NCBC may elect (but shall not be obligated) to terminate the Employee's employment under this Agreement on a date which is not less than three (3) years after the date on which written notice of such termination is received by the Employee in which event the Employee shall be placed on part-time status, and NCBC shall pay to the

Employee the Base Salary payable pursuant to Section 4(D)(i) for a period not less than three (3) years thereafter; or

(ii) If such disability determination occurs while the Employee is on part-time status pursuant to Section 4(C)(i), NCBC shall continue to pay to the Employee the amount of his Base Salary then payable for the greater of (x) the balance of the period remaining under the term of this Agreement, or (y) for one (1) year; reduced, in any case however, by the amount of any payments made to such Employee under the coverage then afforded to the Employee by any NCBC or Bank disability benefit plan in effect at the time such disability determination is made. The Employee shall, during such disability and until the effective date of the termination of this Agreement and of payments hereunder by NCBC to the Employee, continue to enjoy all other applicable benefits of employment that would otherwise pertain to continued employment on part-time status pursuant to this Agreement.

G. Return of Property. Upon termination of the Employee's employment under this Agreement, however brought about, the Employee (or his representatives) shall promptly deliver and return to NCBC all NCBC property including, but not limited to, credit cards, manuals, customer lists, financial data, letters, notes, notebooks, reports and copies of any of the above, and any Protected Information (as defined in Section 7) which is in the possession or under the control of the Employee.

5. OTHER EMPLOYEE RIGHTS

A. The Employee shall be entitled to (i) participate in any NCBC or Bank pension, group life/medical/dental/accidental, disability insurance, thrift, savings, deferred compensation, incentive compensation, stock option, unit or award plans, vacation plans, automobile allowances and all other NCBC or Bank benefit plans, fringe benefits, allowances and accommodations of employment as are from time to time generally available or applicable to NCBC=s principal executive officers, and (ii) annual vacations in accordance with the vacation policy established by NCBC or the Bank.

B. The Employee is authorized to incur reasonable business expenses while on active status as an employee of NCBC, including expenses for meals, hotel and air travel, telephone, automobile and similar items. NCBC shall either pay directly or promptly reimburse the Employee for such expenses upon the presentment by the Employee from time to time of an itemized accounting (as required by NCBC or Bank policies) of such expenditures for which reimbursement is sought.

C. The Employee shall, while on active status, be provided by NCBC with office space, furnishings and facilities, parking, secretarial assistance and equipment.

6. COVENANT NOT TO COMPETE

A. The Employee recognizes that in the highly competitive businesses in which NCBC and are engaged, personal contact is of primary importance in securing new customers and in retaining the accounts and goodwill of present customers and protecting the business of NCBC. The Employee, therefore, agrees that at all times during the term of his employment hereunder and for a period of two (2) years after the termination of his employment hereunder, he will not, for himself or on behalf of any person, corporation, association or other entity other than NCBC or the Bank:

(i) Engage in the commercial banking business within Shelby County, Tennessee, or within any other county in any state in which NCBC or any subsidiary corporation or other entity owned or controlled by NCBC maintains an office or is engaged in the commercial banking business that produced in excess of 5% of the net income after tax of NCBC on a consolidated basis for the twelve months prior to the date of termination or employment; or

(ii) Directly or indirectly solicit or attempt to solicit business from any customer of NCBC or any subsidiary thereof existing on the date of termination of such employment; provided, however, that this covenant not to compete shall not apply after a termination of employment if such termination occurs for cause under Section 4(a)(i) or (ii).

It is the intention of this section that if Employee returns to private practice as an attorney or certified public accountant, nothing herein shall prevent him from providing such legal or accounting services to any person, partnership or corporation doing business with NCBC or any subsidiary thereof.

B. If the provisions of this Section 6 are violated, in whole or in part, NCBC shall be entitled, upon application to any court of proper jurisdiction, to a temporary restraining order or preliminary injunction (without the necessity of posting any bond with respect thereto) to restrain and enjoin the Employee from such violation without prejudice to any other remedies NCBC may have at law or in equity. Further, in the event that the provisions of this Section 6 should ever be deemed to exceed the time, geographic or occupational limitations permitted by the applicable laws, the Employee and NCBC agree that such provisions shall be and are hereby reformed to the maximum time, geographic or occupational limitations permitted by the applicable laws. The provisions of this Section 6 shall survive the termination of the Employee's employment or expiration or termination of this Agreement.

7. CONFIDENTIAL INFORMATION

A. The Employee recognizes and acknowledges that he has and will continue to have access to various confidential or proprietary information concerning NCBC, the Bank, and their respective subsidiaries, of a special and unique value which may include, without limitation, (i) books and records relating to operation, finance, accounting, loans, investments, personnel and management, (ii) written policies and other printed matter relating particularly to operations such as customer names and addresses and customer financial information. The Employee also recognizes that a portion of NCBC's business is dependent upon many business secrets including business opportunities, marketing or business diversification plans, business development, methods and processes, financial data and the like. The Employee acknowledges and agrees that protection of this confidential information and business secrets against unauthorized disclosure and use is of critical importance to NCBC, and the Employee therefore agrees that he will not at any time, either while employed by NCBC or afterwards, knowingly make any independent use of, or knowingly disclose to any other person or organization (except as required by regulatory authority, by a court or as authorized by NCBC) any of the confidential information or business secrets.

B. In the event of a breach or threatened breach by the Employee of the provisions of this Section 7, the Employee agrees that NCBC shall be entitled to a temporary restraining order or a preliminary injunction (without the necessity of NCBC posting any bond in connection therewith) restraining the Employee from using or disclosing, in whole or in part, such confidential information and business secrets. Nothing herein shall be construed as prohibiting NCBC from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from the Employee.

8. EMPLOYEE CONDUCT

A. The Employee represents and agrees with NCBC that he will not knowingly make any disbursement or other payment of any kind or character out of the compensation paid or expenses reimbursed to him pursuant hereto or with any other fund, which contravene, in any material respect, any policy of NCBC or the Bank or, in any material respect, any applicable statute or rule, regulation or order of any jurisdiction, foreign or domestic. The Employee further agrees to indemnify and save harmless NCBC or the Bank from any liabilities, obligations, claims, penalties, fines or losses resulting from any unauthorized or unlawful acts of the Employee which contravene in any material respect any policy of NCBC or the Bank or any statute, rule, regulation or order of any jurisdiction, foreign or domestic, applicable to the Employee, NCBC or the Bank. The provisions of this Section 8 shall survive the dissolution or termination of the Employee's employment under this Agreement.

B. The Employee acknowledges that he has been furnished with a current copy of the policy and procedures manual of NCBC, dated July 1997, that he has read and understands such policies and procedures set forth in such manual, that he understands such policies and procedures (and will read and become familiar with any revisions or supplements to this manual) are applicable to the Employee in the performance of his duties and job performance for NCBC, and that he agrees to observe in all material

respects NCBC's policies and procedures in the conduct by the Employee of his employment duties for NCBC.

C. The Employee agrees to disclose honestly and fully all information and documentation in his possession concerning all transactions or events relating to or affecting NCBC or any direct or indirect subsidiary owned, controlled by NCBC, as and to the extent such information or documentation is requested by NCBC or the authorized representatives thereof; provided that if the Employee indicates to NCBC that the information or documentation requested is privileged, confidential or personally sensitive, appropriate steps will be taken to attempt to protect such privilege, confidentiality or privacy to the extent possible consistent with the ethical and legal obligations applicable to NCBC, but neither such assertions by the Employee nor the undertakings attempted by NCBC with respect thereto shall qualify the unconditional disclosure obligation of the Employee set forth above.

9. GENERAL PROVISIONS

A. In case any one or more of the provisions of this Agreement shall, for any reason, be held or found by final judgment of a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect (i) such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and (ii) this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein (except that this subsection (ii) shall not prohibit any modification allowed under Section 6 hereof), and (iii) if the effect of a holding or finding that any such provision is either invalid, illegal or unenforceable is to modify to the Employee's detriment, reduce or eliminate any compensation, reimbursement, payment, allowance or other benefit to the Employee intended by NCBC and Employee in entering into this Agreement, NCBC shall promptly negotiate and enter into an agreement with the Employee containing alternative provisions (reasonably acceptable to the Employee), that will restore to the Employee (to the extent lawfully permissible) substantially the same economic, substantive and income tax benefits the Employee would have enjoyed had any such provision of this Agreement been upheld as legal, valid and enforceable. Failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or of any other provision of this Agreement.

B. The Employee acknowledges receipt of a copy of this Agreement (together with any attachments hereto), which has been executed in duplicate and agrees that, with respect to the subject matter hereof, it is the entire Agreement with NCBC. Any other oral or any written representations, understandings or agreements with NCBC or any of its officers or representatives covering the same subject matter which are in conflict with this Agreement are hereby merged into and superseded by the provisions of this Agreement.

C. NCBC shall have no right of set-off or counterclaim in respect of any debt or other obligation of the Employee to NCBC against any payment or other obligation of NCBC to the Employee provided for in this Agreement or pursuant to any other plan, agreement or policy.

D. No provision of this Agreement may be amended, modified or waived unless such amendment, modification or waiver shall be agreed to in writing and signed by the Employee and by a person duly authorized by NCBC's Board of Directors.

E. No right to or interest in any compensation or reimbursement payable hereunder shall be assignable or divisible by the Employee; provided, however, that this provision shall not preclude the Employee from designating one or more beneficiaries to receive any amount that may be payable after his death and shall not preclude his executor or administrator from assigning any right hereunder to the person or persons entitled thereto.

F. The headings of sections and subsections hereof are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

G. (i) NCBC consents with respect to any action, suit or other legal proceeding pertaining directly to this Agreement or to the interpretation of or enforcement of any of Employee's rights hereunder, to service of process in the State of Tennessee and service of same at One Commerce Square, Memphis, Tennessee 38150 upon any executive officer of NCBC. NCBC irrevocably (i) agrees that any such suit, action or legal proceeding may be brought in the courts of such state or the courts of the United States for such state, (ii) consents to the jurisdiction of each such court in any such suit, action or legal proceeding and (iii) waives any objection it may have to the laying of venue of any such suit, action or legal proceeding in any of such courts.

(ii) This Agreement shall be construed in accordance with and governed for all purposes by the laws of the State of Tennessee.

H. This Agreement may not be assigned, partitioned, subdivided, pledged, or hypothecated in whole or in part without the express prior written consent of the Employee and NCBC. This Agreement shall not be terminated either by the voluntary or involuntary dissolution or the winding up of the affairs of NCBC, or by any merger or consolidation wherein NCBC is not the surviving corporation, or by any transfer of all or substantially all of NCBC's assets on a consolidated basis. In the event of any such merger, consolidation or transfer of assets, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the surviving corporation or to the corporation to which such assets shall be transferred. In the event of such a merger, consolidation or transfer of assets and NCBC is not the surviving corporation, notice is deemed to have been given if delivered to the Secretary of NCBC's corporate successor in the manner described in Section 11.

I. If any amounts which are required or determined to be paid or payable or reimbursed or reimbursable to the Employee under this Agreement (or under any other plan, agreement, policy or arrangement with NCBC) are not so paid promptly at the times provided herein or therein, such amounts shall accrue interest compounded daily at the annual percentage rate which is two percentage points (2%) above the interest rate which is established by the Bank, from time to time, as its Prime Rate, from the date such amounts were required or determined to have been paid or payable or reimbursed or reimbursable to the Employee until such amounts and any interest accrued thereon are finally and fully paid, provided, however, that in no event shall the amount of interest contracted for, charged or received hereunder exceed the maximum non-usurious amount of interest allowed by applicable law.

J. NCBC agrees with the Employee that, except to the extent required by law, it will not make or publish, without the express prior written consent of the Employee, any written or oral statement concerning the terms of the Employee's employment relationship with NCBC and will not, if the Employee goes on part-time status for any reason or severs his employment with NCBC, make or publish any written or oral statement concerning the Employee including, without limitation, his work-related performance or the reasons or basis for the Employee going on part-time status or otherwise severing his employment relationship with NCBC.

10. TERMINATION OF PRIOR AGREEMENTS

This Agreement shall terminate and supersede any and all prior written or oral agreements or understandings existing between NCBC and the Employee with respect to employment or compensation, and NCBC and the Employee hereby mutually release and discharge each other from any further obligation, liability or responsibility under any of the foregoing.

11. NOTICES

Any notice required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given when delivered in person or when deposited in the U.S. mail, registered or certified, postage prepaid, and mailed to the respective addresses set forth herein.

12. DISPUTES; PAYMENT OF ATTORNEYS' FEES

If at any time during the term of this Agreement or afterwards there should arise any dispute as to the validity, interpretation or application of any term or condition of this Agreement, NCBC agrees to pay the Employee's reasonable attorneys' fees (including expenses of investigation) incurred by the Employee in connection with any such dispute or litigation provided that the Employee shall be the prevailing

party. The provisions of this Section 12 shall survive the expiration or termination of this Agreement and of the Employee's employment hereunder.

IN WITNESS WHEREOF, the parties have executed and delivered this Amended and Restated Agreement as of the day and year indicated above.

/s/ David T. Popwell

DAVID T. POPWELL

Employee's Permanent Address:

Print: ---------------------------------

(Street)

(City) (State) (Zip)

NATIONAL COMMERCE BANCORPORATION

By:/s/ Thomas M. Garrott

Thomas M. Garrott, Chairman of the Board and Chief Executive Officer

/s/Harry J. Phillips, Sr.

Harry J. Phillips, Sr.
Chairman of the NCBC Compensation/Benefits Committee

NATIONAL BANK OF COMMERCE

By:/s/ Lewis E. Holland

Lewis E. Holland, Chief Financial Officer

EXHIBIT A

David T. Popwell

Sample Computation of Part-Time Base Salary Under 4(D)(i) assuming the notice specified in Section 4(a)(iii), 4(c)(ii) or Section 4(F) was given in 2002. (This computation also assumes a 10% increase per year in compensation)

Formula: 75% of the average of the total annual direct compensation paid to Employee for the two (2) highest of the three (3) compensation years immediately preceding 2002.

<TABLE>
<CAPTION>

<S>	<C>	<C>
1999:	$150,000	Base Salary
	75,000	Bonus
	$225,000	
2000:	$165,000	Base Salary
	82,500	Bonus
	$247,500	

</TABLE>

<TABLE>

<S>	<C>	<C>
2001:	$181,500	Base Salary

	90,750	Bonus

	$272,250	

</TABLE>

The two highest years were 2000 and 2001.

$247,500 + 272,250 = 519,750

$519,750 + 2 = 259,875.00

$259,875 x 75% = 194,906.25

Part-Time Base Salary = 194,906.25

EXHIBIT 10.17
AMENDMENT NUMBER ONE
NATIONAL COMMERCE BANCORPORATION
1994 STOCK PLAN, AS AMENDED AND RESTATED
EFFECTIVE AS OF NOVEMBER 1, 1996

The National Commerce Bancorporation 1994 Stock Plan, as amended and restated effective as of November 1, 1996 is hereby amended as follows:

(S) 1.

(S) 2.3 Change in Control, hereby is amended as of the effective date of the Amendment Number One in its entirety to read as follows:

"Change in Control" shall mean a change in control of NCBC that shall be deemed to have occurred if and when, with or without the approval of the Board incumbent prior to the occurrence:

(1) more than 25% of the outstanding securities entitled to vote in an election of Directors of NCBC shall be acquired by any person (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended); or

(2) as a result of a tender offer, merger, consolidation, sale of assets or contested election, or any combination of such transactions, the persons who were Directors of NCBC immediately before the transaction shall cease to constitute a majority of the Board.

(S) 2.

(S) 7.1 hereby is amended effective retroactively to July 1, 1998 by adding the following to the end of (S) 7.1:

"Finally, the 60,000 and 100,000 share grant caps set forth in this (S)7.1 shall not apply to an Options granted to an individual not previously employed by NCBC to induce the individual to become an employee of NCBC."

(S) 3.

(S) 10, Nontransferability, hereby is amended as of the effective date of this Amendment Number One in its entirety to read as follows:

"(a) ISOs. No Option granted under this Plan which is an ISO and no surrender right granted under (S) 11 as part of such Option shall be transferable by a Key Employee other than by will or by the laws of descent and distribution, and any such Option and any such surrender right shall be exercisable during the lifetime of a Key Employee only by such Key Employee.

(b) NQO's and Restricted Stock. No Option granted under this Plan which is an NQO and no surrender right granted under (S) 11 as part of such Option and no Restricted Stock grant shall be transferable by a Key Employee other than by will or by the laws of descent and distribution except to the extent expressly provided in the related Option Agreement or Restricted Stock Agreement.

(c) Conditions. A Key Employee's right to effect any transfer under (S) 10(b) shall be subject to the condition that (1) there is a form on which to register the related shares of Stock for issuance and resale under the applicable securities laws which is acceptable to NCBC (acting in its absolute discretion) or an exemption from such registration which is acceptable to NCBC (acting in its absolute discretion) and (2) the transfer has no effect whatsoever on the terms and conditions to the exercise of the Option or any

related surrender right or on the terms and conditions of any Restricted Stock grant."

(S) 4.

By amending (S) 17, Sale, Merger or Change in Control, as of the effective date of this Amendment Number One in its entirety to read as follows:

(S) Sale, Merger or Change in Control

(a) Effective Date. The rules in this (S) 17 automatically shall apply on the earlier of the date that NCBC agrees to a transaction which will result in a Change in Control or on the date a tender offer is made which could lead to a Change in Control.

(b) Stock Options and Restricted Stock.

(1) Any and all conditions to the exercise of each Option which is outstanding on the date the rules in this (S) 17

become applicable automatically shall be waived on such date and each Key Employee shall (subject to (S) 17(b)(3)) have the right on and after such date to exercise 100% of the shares of Stock subject to each such Option,

(2) any and all restrictions on each grant of Restricted Stock which is outstanding on the date the rules in this (S) 17 become applicable automatically shall lapse and shall be of no further force or effect on or after such date, and

(3) the Board shall have the right to cancel each such Option and each such Restricted Stock grant after giving each Key Employee a reasonable period (which shall not be less than a 30 day period) to exercise each such Option in full and to take such other action as necessary or appropriate to receive the Stock subject to each such Restricted Stock grant.

(c) ShareNCBC Program.

(1) The Committee on the date the rules in this (S) 17 become applicable shall grant an Option to each Key Employee who on such date has satisfied the Stock purchase requirements under the ShareNCBC Program as implemented by the Committee pursuant to (S) 7.3 and who on such date remains eligible for the grant of an Option under the terms of the ShareNCBC Program which respect to such shares,

(2) each such Option shall be granted as if the Key Employee as of such date in fact had satisfied all of the conditions for the grant of an Option under the ShareNCBC Program,

(3) each such Option shall be granted without any conditions on the exercise of such Option, and

(4) each such Option shall remain 100% exercisable for a reasonable period (which shall not be less than a 30 day period) and thereafter shall be treated the same as any other Option described in (S) 17(b) which was outstanding on the date the rules in this (S) 17 become applicable.

This Amendment Number One shall be effective on the date NCBC's Board of Directors adopts this Amendment Number One.

NATIONAL COMMERCE BANCORPORATION
BY:

NATIONAL COMMERCE BANCORPORATION
Deferred Compensation Plan

Effective January 1, 1999

ARTICLE I

PURPOSE AND EFFECTIVE DATE

The purpose of the National Commerce Bancorporation Deferred Compensation Plan (hereinafter referred to as the "Plan") is to aid National Commerce Bancorporation and its subsidiaries in retaining and attracting executive employees and directors by providing them with savings and tax deferral opportunities. The Plan shall be effective for deferral elections made hereunder on or after January 1, 1999.

ARTICLE II

DEFINITIONS

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Section 2.01 Administrative Committee. "Administrative Committee" means the committee as appointed by the Compensation/Benefits Committee of the Board of Directors.

Section 2.02 Base Salary. "Base Salary" means the base rate of cash compensation paid by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.02 and (B) contributions made on his behalf to any qualified plan maintained by the Company or to any cafeteria plan under Section 125 of the Internal Revenue Code maintained by the Company.

Section 2.03 Base Salary Deferral. "Base Salary Deferral" means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pre-tax basis from his Base Salary and credited to his Deferral Account pursuant to Section 4.02.

Section 2.04 Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article IX.

Section 2.05 Bonus Compensation. "Bonus Compensation" means the amount awarded to a Participant for a Plan Year under any incentive plan maintained by the Company.

Section 2.06 Bonus Deferral. "Bonus Deferral" means the amount of a Participant's Bonus Compensation which the Participant elects to have withheld on a pretax basis from his Bonus Compensation and credited to his account pursuant to Section 4.02.

Section 2.07 Board. "Board" means the Board of Directors of National Commerce Bancorporation.

Section 2.08 Change of Control. For purposes of this Plan, a "Change of Control" shall be deemed to have occurred if:

(i) there is an acquisition, in any one transaction or a series of transactions, other than from National Commerce Bancorporation, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), of beneficial ownership (within the meaning of Rule 13(d)(3) promulgated under the Exchange Act) of 20% or more of either the then outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of National Commerce Bancorporation entitled to vote generally in the election of directors, but excluding, for this purpose, any such acquisition by National Commerce Bancorporation or any of its subsidiaries, or any employee benefit plan (or related trust) of National Commerce Bancorporation or its subsidiaries, or any corporation with respect

to which, following such acquisition, more than 50% of the then outstanding shares of common stock of such corporation and the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by the individuals and entities who were the beneficial owners, respectively, of the common stock and voting securities of National Commerce Bancorporation immediately prior to such acquisition in substantially the same proportion as their ownership, immediately prior to such acquisition, of the then outstanding shares of Common Stock or the combined voting power of the then outstanding voting securities of National Commerce Bancorporation entitled to vote generally in the election of directors, as the case may be; or

(ii) individuals who, as of January 1, 1999, constitute the Board (as of such date, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to January 1, 1999, whose election, or nomination for election by National Commerce Bancorporation's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of National Commerce Bancorporation (as such terms are used in Rule 14(a)(11) or Regulation 14A promulgated under the Exchange Act); or

(iii) there occurs either (A) the consummation of a reorganization, merger or consolidation, in each case, with respect to which the individuals and entities who were the respective beneficial owners of the common stock and voting securities of National Commerce Bancorporation immediately prior to such reorganization, merger or consolidation do not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such reorganization, merger or consolidation, or (B) an approval by the shareholders of National Commerce Bancorporation of a complete liquidation of dissolution of National Commerce Bancorporation or of the sale or other disposition of all or substantially all of the assets of National Commerce Bancorporation.

Section 2.09 Commission. "Commission" means the amount awarded to a Participant for a Plan Year under any commission plan maintained by the Company.

Section 2.10 Commission Deferral. "Commission Deferral" means the amount of Commission which the Participant elects to have withheld on a pre-tax basis from his Commission and credited to his Deferral Account pursuant to Section 4.02 and Section 6.01.

Section 2.11 Common Stock. "Common Stock" means the common stock of National Commerce Bancorporation.

Section 2.12 Company. "Company" means National Commerce Bancorporation, its successors, any subsidiary or affiliated organizations authorized by the Board or the Compensation/Benefits Committee to participate in the Plan and any organization into which or with which National Commerce Bancorporation may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.13 Compensation/Benefits Committee. "Compensation/Benefits

Committee" means the Compensation and Benefits Committee of the Board.

Section 2.14 Consideration Shares. "Consideration Shares" means shares of Common Stock owned by a Participant for six months or longer.

Section 2.15 Date of Exercise. The "Date of Exercise" means date on which Options are exercised by the Participant.

Section 2.16 Deferral Account. "Deferral Account" means the account maintained on the books of the Administrative Committee for each Participant pursuant to Article VII.

Section 2.17 Deferral Period. "Deferral Period" is defined in Section 4.02.

Section 2.18 Deferred Amount. "Deferred Amount" is defined in Section 4.02.

Section 2.19 Director. "Director" means a member of the Board of Directors of National Commerce Bancorporation, National Bank of Commerce or its affiliates.

Section 2.20 Directors Compensation. "Directors Compensation" means all fees and/or other compensation or retainers paid in respect of their duties performed for or on behalf of the Company.

Section 2.21 Directors Compensation Deferral. "Directors Compensation Deferral" means the amount of the Directors compensation which the Participant elects to have withheld on a pretax basis from his compensation as a director and credited to his account pursuant to Section 4.02.

Section 2.22 Disability. "Disability" means eligibility for disability benefits under the terms of the Company's Long-Term Disability Plan as in effect from time to time.

Section 2.23 Eligible Compensation. "Eligible Compensation" means any Base Salary, Commissions or Bonus Compensation otherwise payable with respect to a Plan Year.

Section 2.24 ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

Section 2.25 Fair Market Value. "Fair Market Value" of a share of Common Stock means the closing price of the Common Stock on the New York Stock Exchange on the most recent day on which the Common Stock was so traded that precedes the date as of which Fair Market Value is to be determined. The definition of Fair Market Value in this Section shall be exclusively used to determine the values of a Participant's interest in the National Commerce Bancorporation Share Fund (defined in Section 7.02(b)) for all relevant purposes under the Plan.

Section 2.26 Form of Payment. "Form of Payment" means payment in one lump sum or in installments of 5, 10 or 15 years.

Section 2.27 Gain Shares. "Gain Shares" means the shares of Common Stock so determined under Section 5.05 as resulting from the exercise of any option pursuant to Article V.

Section 2.28 Gain Share Account. "Gain Share Account" means the account maintained on the books by the Administrative Committee for the Participant of the number of Phantom Share Units related to Gain Shares, adjusted for hypothetical gains, earnings dividends, losses, distribution, withdrawals and other similar activity.

Section 2.29 Matching Contribution. "Matching Contribution" means the amount of annual matching contribution that the Company will make to the plan.

Section 2.30 Option. "Option" means an option to acquire shares of Common Stock granted pursuant to the National Commerce Bancorporation Amended and Restated Stock Plan or any predecessor or successor thereto.

Section 2.31 Option Expiration Date. "Option Expiration Date" means the date on which an Option expires under the terms of the National Commerce Bancorporation Amended and Restated Stock Plan.

Section 2.32 Option Share. "Option Share" means a share of Common Stock acquired (or deferred hereunder) pursuant to the exercise of an Option.

Section 2.33 Participant. "Participant" means any individual who is eligible to participate in this Plan and who elects to participate by filing a Participation Agreement as provided in Article IV.

Section 2.34 Participation Agreement. "Participation Agreement" means an agreement filed by a Participant in accordance with Article IV.

Section 2.35 Phantom Share Units. "Phantom Share Units" means units of deemed investment in shares of National Commerce Bancorporation Common Stock so determined under Section 5.06.

Section 2.36 Plan Year. "Plan Year" means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.37 Retirement. "Retirement" means retirement of a Participant from the Company after attaining age 65 or age 55 with at least ten years of service (in accordance with the method of determining service under the National Commerce Bancorporation Pension Plan) or in the case of a director the year in which the director is no longer a member of the board.

Section 2.38 Stock Option Gain Agreement. "Stock Option Gain Agreement" means an agreement filed by a participant in accordance with Article V to defer taxation of the gain from the exercise of an Option.

Section 2.39 Termination of Employment. "Termination of Employment" means the cessation of a Participant's services as a full-time employee of the Company and its affiliates for any reason other than Retirement.

Section 2.40 Trust. "Trust" means an irrevocable trust which is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly. The principal of the Trust, and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan(s) and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency. Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, whereby Trustee shall cease payment of benefits to plan participants and their beneficiaries.

Section 2.41 Trustee. "Trustee" means the party appointed by the Administrative Committee to perform all of the duties set forth in the Trust Agreement.

Section 2.42 Unforeseeable Emergency. "Unforeseeable Emergency" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

Section 2.43 Valuation Date. "Valuation Date" means the last day of each calendar month or such other date as the Administrative Committee in its sole discretion may determine.

ARTICLE III

ADMINISTRATION

Section 3.01 Compensation/Benefits and Administrative Committees; Duties. This Plan shall be administered by the Compensation/Benefits Committee. A majority of the members of the Compensation/Benefits Committee shall constitute a quorum for the transaction of business. All resolutions or other action taken by the Compensation/Benefits Committee shall be by a vote of a majority of its members present at any meeting or, without a meeting, by an instrument in writing signed by all its members. Members of the Compensation/Benefits Committee may participate in a meeting of such committee by means of a conference telephone or similar communications equipment that enables all persons participating in the meeting to hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

The Compensation/Benefits Committee shall be responsible for the administration of this Plan and shall have all powers necessary to administer this Plan, including discretionary authority to determine eligibility for benefits and to decide claims under the terms of this Plan including the power necessary to appoint a trustee of the irrevocable trust, except to the extent that any such powers are vested in any other person administering this Plan by the Compensation/Benefits Committee. The Compensation/Benefits Committee may from time to time establish rules for the administration of this Plan, and it shall have the exclusive right to interpret this Plan and to decide any matters arising in connection with the administration and operation of this Plan. All rules, interpretations and decisions of the Compensation/Benefits Committee shall be conclusive and binding on the Company, Participants and Beneficiaries.

The Compensation/Benefits Committee has delegated to the Administrative Committee responsibility for performing certain administrative and ministerial functions under this Plan. The Administrative Committee shall be responsible for determining in the first instance issues related to eligibility, investment benchmarks, distribution of Deferred Amounts, determination of account balances, crediting of hypothetical earnings and of Deferred Amounts and debiting of hypothetical losses and of distributions, in-service withdrawals, deferral elections and any other duties concerning the day-to-day operation of this Plan. The Compensation/Benefits Committee shall have discretion to delegate to the Administrative Committee such additional duties as it may determine. The Administrative Committee may designate one of its members as a chairperson and may retain and supervise outside providers and professionals (including in-house professionals) to perform any or all of the duties delegated to it hereunder.

Neither the Compensation/Benefits Committee nor a member of the Board nor any member of the Administrative Committee shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or for anything done or omitted to be done in connection with this Plan. The Compensation/Benefits Committee and the Administrative Committee shall keep records of all of their respective proceedings and the Administrative Committee shall keep records of all payments made to Participants or Beneficiaries and payments made for expenses or otherwise.

The Company shall, to the fullest extent permitted by law, indemnify each director, officer or employee of the Company (including the heirs, executors, administrators and other personal representatives of such person) each member of the Compensation/Benefits Committee and Administrative Committee against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which such person may be involved by reason of the fact that he or she is or was serving this Plan in any capacity at the request of the Company.

Any expense incurred by the Company, the Compensation/Benefits Committee or the Administrative Committee relative to the administration of this Plan shall be paid by the Company.

Section 3.02 Claim Procedure. If a Participant or Beneficiary makes a written request alleging a right to receive payments under this Plan or alleging a right to receive an adjustment in benefits being paid under this Plan, such actions shall be treated as a claim for benefits. All claims for benefits under this Plan shall be sent to the Administrative Committee. If the

Administrative Committee determines that any individual who has claimed a right to receive benefits, or different benefits, under this Plan is not entitled to receive all or any part of the benefits claimed, the Administrative Committee shall inform the claimant in writing of such determination and the reasons therefor in terms calculated to be understood by the claimant. The notice shall be sent within 90 days of the claim unless the Administrative Committee determines that additional time, not exceeding 90 days, is needed. The notice shall make specific reference to the pertinent Plan provisions on which the denial is based, and shall describe any additional material or information that is necessary. Such notice shall, in addition, inform the claimant of the procedure that the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim. The claimant may within 90 days thereafter submit in writing to the Administrative Committee a notice that the claimant contests the denial of his or her claim and desires a further review by the Compensation/Benefits Committee. The Compensation/Benefits Committee shall within 60 days thereafter review the claim and authorize the claimant to review pertinent documents and submit issues and comments relating to the claim to the Compensation/Benefits Committee. The Compensation/Benefits Committee will render a final decision on behalf of the Company with specific reasons therefor in writing and will transmit it to the claimant within 60 days of the written request for review, unless the Chairperson of the Compensation/Benefits Committee determines that additional time, not exceeding 60 days, is needed, and so notifies the

Participant. If the Committee fails to respond to a claim filed in accordance with the foregoing within 60 days or any such extended period, the Company shall be deemed to have denied the claim.

ARTICLE IV

PARTICIPATION

Section 4.01 Participation. Participation in the Plan shall be limited to executives and Directors who (i) meet such eligibility criteria as the Compensation/Benefits Committee shall establish from time to time, and (ii) elect to participate in this Plan by filing a Participation Agreement with the Administrative Committee. A Participation Agreement must be filed prior to the December 31st immediately preceding the Plan Year for which it is effective. The Administrative Committee shall have the discretion to establish special deadlines regarding the filing of Participation Agreements for specified groups of Participants.

Section 4.02 Contents of Participation Agreement. Subject to Article

VIII, each Participation Agreement shall set forth: (i) the amount of Eligible Compensation for the Plan Year or performance period to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as either a dollar amount or a percentage of the Base Salary, Bonus Compensation and Director Compensation for such Plan Year or performance period;

provided, that the minimum Deferred Amount for any Plan Year or performance period shall not be less than $2,000; (ii) the period after which payment of the Deferred Amount is to be made or begin to be made (the "Deferral Period"), which shall be the earlier of (A) a number of full years, not less than three, and (B) the period ending upon the Retirement or prior termination of employment of the Participant, and (iii) the form in which payments are to be made, which may be a lump sum or in substantially equal annual installments.

Section 4.03 Modification or Revocation of Election by Participant. A Participant may not change the amount of his Base Salary Deferrals during a Plan Year. However, a Participant may discontinue a Base Salary Deferral election at any time by filing, on such forms and subject to such limitations and restrictions as the Administrative Committee may prescribe in its discretion, a revised Participation Agreement with the Administrative Committee. If approved by the Administrative Committee, revocation shall take effect as of the first payroll period next following its filing. If a Participant discontinues a Base Salary Deferral election during a Plan Year, he will not be permitted to elect to make Base Salary Deferrals again until the later of the next Plan Year or six months from the date of discontinuance. In addition, the Deferral Period may be extended if an amended Participation Agreement is filed with the Administrative Committee at least one full calendar year before the Deferral Period (as in effect before such amendment) ends; provided, that only one such amendment may be filed with respect to each Deferred Amount. Under no circumstances may a Participant's Participation Agreement be made, modified or revoked retroactively.

ARTICLE V

STOCK OPTION GAIN DEFERRALS

Section 5.01 In General: Subject to provisions of this Article V, Participants may elect to defer receipt and distribution of the gain related to Gain Shares until the end of an elected Deferral Period by filing with the Administrative Committee a Stock Option Gain Agreement. The stock option gain deferral features of the Plan are effective for deferral elections made on or after January 1, 1999.

Section 5.02 Timing of Filing Stock Option Gain Agreement. A Stock Option Gain Agreement must be filed at least six months prior to the Date of

Exercise, prior to the calendar year in which occurs the Date of Exercise and no later than the day before the first day of the six month period ending on the Option Expiration Date. An Option with respect to which a Stock Option Gain Agreement has been filed may not be exercised prior to the dates specified in the preceding sentence.

Section 5.03 Contents of Stock Option Gain Agreement. Each Stock Option Gain Agreement shall set forth: (i) the number of Options to be exercised in connection with the deferrals hereunder; (ii) the date of grant of the Options; (iii) the Deferral Period, which is not to be less than three years; (iv) any other item determined to be appropriate by the Administrative

Committee. A Participant may elect to defer gain on Option Shares in increments of 25%, 50%, 75% or 100% of the number of Options awarded on a particular date of grant.

Section 5.04 Manner of Exercising Option Shares. A Participant who desires to exercise an Option and to defer current receipt and distribution of the gain related to Gain Shares must follow the procedures and requirements that are applicable to the Option under the National Commerce Bancorporation Stock Plan, including the procedures and requirements relating to the exercise of an Option; provided, however, that in the case of a deferral of Gain Shares under this Plan, the Participant shall only be permitted to tender Consideration Shares to pay the entire exercise price for any exercised Option. Notwithstanding the foregoing, the Administrative Committee may in its discretion accept the Participant's attestation that he or she owns the number of Consideration Shares necessary to effectuate the stock swap contemplated hereunder. The attestation method or any other procedure accepted by the Administrative Committee shall be consistent with applicable legal authority regarding the tax-free treatment of such a transaction.

Section 5.05 Determination of Gain Shares. Upon exercise of an Option, the gain of which the Participant has elected to defer hereunder, Gain Shares resulting from such exercise shall be determined as follows: (i) the aggregate exercise price for all exercised Option Shares shall be determined; (ii) the number of Consideration Shares needed to pay the exercise price for such Option Shares shall be determined; (iii) the difference between the number of exercised Option Shares and the number of Consideration Shares shall be the number of Gain Shares resulting from such exercise. Any fractional Gain Share that results from the computations hereunder shall be rounded up to the nearest whole number.

Section 5.06 Conversion of Gain Shares to Phantom Share Units. As of the Date of Exercise, Gain Shares shall be Phantom Share Units by dividing the amount of the aggregate Fair Market Value of the Gain Shares as of the Date of

Exercise by the Fair Market Value of one share of Common Stock as of the Date of Exercise. The resulting number of Phantom Share Units shall be credited to the Participant's Gain Share Account. Any fractional Phantom Share Unit that results from the computations hereunder shall be rounded up to the nearest whole number.

Section 5.07 Changes to the Stock Option Gain Agreement. A Stock Option Gain Agreement may not be amended or revoked after the day on which it is filed with the Administrative Committee, except that the Deferral Period may be extended if an amended Stock Option Gain Agreement is filed with the Administrative Committee at least one full calendar year before the Deferral Period (as in effect before such amendment) ends; provided, that only one such amendment may be filed with respect to each Stock Option Gain Agreement.

Section 5.08 Failure to Properly Exercise. If a Participant makes a valid election under this Article V to defer the gain related to Gain Shares and if the Option expires without a proper exercise of the Option by the Participant or if the Participant fails to properly tender the Consideration Shares by the last day of the Option term, the Participant shall forfeit any opportunity to exercise the option and the Option shall be canceled as of the end of the last business day of the Option term.

ARTICLE VI

DEFERRED BONUS AND COMMISSION COMPENSATION

Section 6.01 Elective Deferred Bonus and Commission Compensation. The Deferred Amount of a Participant with respect to each Plan Year of participation in the Plan shall be credited by the Administrative Committee to the Participant's Deferral Account as and when such Deferred Amount would otherwise have been paid to the Participant. To the extent that the Company is required to withhold any taxes or other amounts from the Deferred Amount pursuant to any state, Federal or local law, such amounts shall be taken out of compensation to the Participant that is not deferred under this Plan.

ARTICLE VII

MAINTENANCE AND INVESTMENT OF ACCOUNTS

Section 7.01 Maintenance of Accounts. Separate Deferral Accounts shall be maintained for each Participant. More than one Deferral Account may be maintained for a Participant as necessary to reflect (a) various investment benchmarks and/or (b) separate Participation Agreements specifying different Deferral Periods and/or forms of payment. A Participant's Deferral Account(s) shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan, and shall not constitute or be treated as a trust fund of any kind. The Administrative Committee shall determine the balance of each Deferral Account, as of each Valuation Date, by adjusting the balance of such Deferral Account as of the immediately preceding Valuation Date to reflect changes in the value of the deemed investments thereof, credits and debits pursuant to Section 6.01 and Section 7.02 and distributions pursuant to Article VIII with respect to such Deferral Account since the preceding Valuation Date.

Section 7.02 Investment Benchmarks. (a) Each Participant shall be entitled to direct the manner in which his/her Deferral Accounts will be deemed to be invested, selecting among the investment benchmarks specified in Appendix A hereto, as amended by the Compensation/Benefits Committee from time to time, and in accordance with such rules, regulations and procedures as the Compensation/Benefits Committee may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's Deferral Amounts are credited to his/her Deferral Accounts.

(b) (i) The investment benchmarks available for Deferral Accounts from time to time may include a "National Commerce Bancorporation Share Fund." The National Commerce Bancorporation Share Fund shall consist of deemed investments in shares of National Commerce Bancorporation Common Stock. Deferred Amounts that are deemed to be invested in the National Commerce Bancorporation Share Fund shall be converted into deemed shares based upon the Fair Market Value of the Common Stock as of the date(s) the Deferred Amounts are to be credited to a Deferral Account. The portion of any Deferral Account that is invested in the National Commerce Bancorporation Share Fund shall be credited, as of each Valuation Date, with additional shares of Common Stock with respect to cash dividends paid on the Common Stock with record dates during the period beginning on the day after the most recent preceding Valuation Date and ending on such Valuation Date, as follows. The credit shall be for a number of additional deemed shares of Common Stock having a Fair Market Value, as of the payment date for a cash dividend, equal to the dollar amount of such cash dividend paid with respect to a number of actual shares of Common Stock equal to the number of deemed shares in such Deferral Account as of such Valuation Date minus the number of such deemed shares that were distributed to the Participant before such Valuation Date but after the most recent prior Valuation Date.

(ii) When a deemed reinvestment or a distribution of all or a portion of a Gain Share Account that is invested in the National Commerce Bancorporation Share Fund is to be made, the balance in such a Deferral Account shall be determined by reference to the Fair Market Value of the Common Stock on the most recent Valuation Date preceding the date of such reinvestment or distribution. Upon a lump sum distribution, the amounts in the National Commerce Bancorporation Share Fund shall be distributed in the form of cash having a value equal to the Fair Market Value of the deemed shares being distributed, actual shares of Common Stock, or a combination thereof, as determined by the Compensation/Benefits Committee.

(iii) In the event of a stock dividend, split-up or combination of the Common Stock, merger, consolidation, reorganization, recapitalization, or other change in the corporate structure or capitalization affecting the Common Stock, such that an adjustment is determined by the Compensation/Benefits Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Compensation/Benefits Committee may make appropriate adjustments to the number of deemed shares credited to any Deferral Account. The determination of the Compensation/Benefits Committee as to such adjustments, if any, to be made shall be conclusive.

(iv) Notwithstanding any other provision of this Plan, the Compensation/Benefits Committee shall adopt such procedures as it may determine are necessary to ensure that with respect to any Participant who is actually or potentially subject to Section 16(b) of the Securities Exchange Act of 1934, as amended, the crediting of deemed shares to his or her Deferral Account is not deemed to be a non-exempt purchase for purposes of such Section 16(b), including without limitation requiring that no

shares of Common Stock or cash relating to such deemed shares may be distributed for six months after being credited to such Deferral Account.

Section 7.03 Statement of Accounts. The Administrative Committee shall submit to each Participant quarterly statements of his/her Deferral Account(s) and Gain Share Accounts(s), in such form as the Administrative Committee deems desirable, setting forth the balance to the credit of such Participant in his/her Deferral Account(s) and Gain Share Accounts as of the end of the most recently completed quarter.

ARTICLE VIII

BENEFITS

Section 8.01 Time and Form of Payment. At the end of the Deferral Period for each Deferral Account, the Company shall pay to the Participant the balance of such Deferral Account at the time or times elected by the Participant in the applicable Participation Agreement; provided that if the Participant has elected to receive payments from a Deferral Account in a lump sum, the Company shall pay the balance in such Deferral Account (determined as of the most recent Valuation Date preceding the end of the Deferral Period) in a lump sum in cash (plus any shares of Common Stock that the Compensation/Benefits Committee elects to deliver from any investment in the National Commerce Bancorporation Share

Fund) as soon as practicable after the end of the Deferral Period. If the Participant has elected to receive payments from a Deferral Account in installments, the Company shall make annual cash only payments from such Deferral Account, each of which shall consist of an amount equal to (i) the balance of such Deferral Account as of the most recent Valuation Date preceding the payment date times (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining installments (including the installment being paid). The first such installment shall be paid as soon as practicable after the end of the Deferral Period and each subsequent installment shall be paid on or about the anniversary of such first payment. Each such installment shall be deemed to be made on a pro rata basis from each of the different deemed investments of the Deferral Account (if there is more than one such deemed investment). At the end of the Deferral Period for each Gain Share Account, the Company shall pay to the Participant the balance of such Gain Share Account at the time or times elected by the Participant in the applicable Stock Option Gain Agreement in shares of Common Stock.

Section 8.02 Matching Contribution. Each Participant who elects to make deferrals of Eligible Compensation to the Plan will receive a Matching Contribution equal to 50% of the first 6% of that Participant's Deferred Amount. Matching Contributions will be credited to the Participant's Deferral Account as of the date Company matching contributions would be contributed to the Company's qualified 401(k) plan account and shall follow the Participant's investment benchmarks for the deferral of the Eligible Compensation to which it relates. The amount of the Matching Contribution may vary from payroll period to payroll period throughout the Plan Year, may be based on a formula which takes into account a Participant's overall compensation, and otherwise may be subject to maximum or minimum limitations. The Matching Contribution shall be invested among the same investment benchmarks as defined in 7.02 in the same proportion as the elections made by the participant governing the deferrals of the participant. The Matching Contribution shall be distributed to the participant according to the election made by the participant governing his/her deferrals and will vest according to the provisions governing matching contributions in the Company's qualified 401(k) plan.

Section 8.03 Retirement. Subject to Section 8.01 and Section 8.04 hereof, if a Participant has elected to have the balance of his/her Deferral Account or Gain Share Account distributed upon Retirement, the account balance of the Participant (determined as of the most recent Valuation Date preceding such Retirement) shall be distributed upon Retirement in installments or a lump sum in accordance with the Plan and as elected in the Participant Agreement.

Section 8.04 In-Service Distributions. Subject to Section 8.01 and Section 8.04 hereof, if a Participant has elected to defer Eligible Compensation under the Plan for a stated number of years, the account balance of the Participant (determined as of the most recent Valuation Date preceding such Deferral Period) shall be distributed in installments or a lump sum in accordance with the Plan and as elected in the Participant Agreement.

Section 8.05 Other Than Retirement. Notwithstanding the provisions of Section 8.02 and Section 8.03 hereof and any Participation Agreement, if a Participant dies, has a Termination of Employment or Disability prior to Retirement and prior to receiving full payment of his/her Deferral Account(s), the Company shall pay the remaining balance (determined as of the most recent Valuation Date preceding such event) to the Participant or the Participant's Beneficiary or Beneficiaries (as the case may be) in a lump sum in cash only or in Common Stock with respect to payment of Gain Share Accounts and amounts invested in the National Commerce Bancorporation Stock Fund (notwithstanding Section 8.01 hereof) as soon as practicable following the occurrence of such event, unless the Administrative Committee in its sole discretion determines otherwise. Subject to Section 7.02(a) hereof, the amount distributable under the preceding sentence of this Section 8.04 shall be based on the Participant's investments elections.

Section 8.06 Hardship Withdrawals. Notwithstanding the provisions of Section 8.01 and any Participation Agreement, a Participant shall be entitled to early payment of all or part of the balance in his/her Deferral Account(s) in the event of an Unforeseeable Emergency, in accordance with this Section 8.05. A distribution pursuant to this Section 8.05 may only be made to the extent reasonably needed to satisfy the Unforeseeable Emergency need, and may not be made if such need is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. An application for an early payment under this Section 8.05 shall be made to the Administrative Committee in such form and in accordance with such procedures as the Administrative Committee shall determine from time to time. The determination of whether and in what amount and form a distribution will be permitted pursuant to this Section 8.05 shall be made by the Administrative Committee.

Section 8.07 Voluntary Early Withdrawal. Notwithstanding the provisions of Section 8.01 and any Participation Agreement, a Participant shall be entitled to elect to withdraw all of the balance in his/her Deferral Account(s) in accordance with this Section 8.06 by filing with the Administrative Committee such forms, in accordance with such procedures, as the Administrative Committee shall determine from time to time. As soon as practicable after receipt of such form by the Administrative Committee, the Company shall pay an amount equal to ninety percent of the balance in such Participant's Deferral Account(s) (determined as of the most recent Valuation Date preceding the date such election is filed) to the electing Participant in a lump sum in cash, and the Participant shall forfeit the remainder of such Deferral Account(s). All Participation Agreements previously filed by a Participant who elects to make a withdrawal under this Section 8.06 shall be null and void after such election is filed (including without limitation Participation Agreements with respect to Plan Years or performance periods that have not yet been completed), and such a Participant shall not thereafter be entitled to file any Participation Agreements under the Plan with respect to the first Plan Year that begins after such election is made.

Section 8.08 Change of Control. In the event of a Change of Control that is recommended for approval to the shareholders by the Board, no immediate special payment shall be made to any Participant and the terms and conditions of the Plan shall remain in full force and effect. Notwithstanding anything contained in this Plan to the contrary, upon a hostile Change of Control, the Company shall immediately pay to each Participant in a lump sum in cash or in Common Stock with respect to payment of Gain Share Accounts and amounts invested in the National Commerce Bancorporation Stock Fund the balance in his/her Deferral Account(s) (determined as of the most recent Valuation Date preceding the Change of Control). Hostile Change of Control is defined as a Change of Control of the Company which is not recommended for approval to the shareholders by the Board.

Section 8.09 Withholding of Taxes. Notwithstanding any other provision of this Plan, the Company shall withhold from payments made hereunder any amounts required to be so withheld by any applicable law or regulation.

ARTICLE IX

BENEFICIARY DESIGNATION

Section 9.01 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as his Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the

Participant by filing a written designation with the Administrative Committee, on such form and in accordance with such procedures as the Administrative Committee shall establish from time to time.

Section 9.02 No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's Beneficiary shall be deemed to be the Participant's estate.

ARTICLE X

VESTING OF DEFERRAL ACCOUNT

Section 10.01 Vesting of Deferral Account. Except as provided in Section 8.02 and Section 8.06, a Participant shall be 100% vested in his/her Deferral Account at all times.

ARTICLE XI

AMENDMENT AND TERMINATION OF PLAN

Section 11.01 Amendment. The Board or the Compensation/Benefits Committee may at any time amend this Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the balance in any Deferral Account as accrued at the time of such amendment, nor shall any amendment otherwise have a retroactive effect.

Section 11.02 Company's Right to Terminate. The Board or the Compensation/Benefits Committee may at any time terminate the Plan with respect to future Participation Agreements. The Board or the Compensation/Benefits Committee may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of the Company, and upon any such termination, the Company shall immediately pay to each Participant in a lump sum the accrued balance in his Deferral Account (determined as of the most recent Valuation Date preceding the termination date).

ARTICLE XI

MISCELLANEOUS

Section 12.01 Unfunded Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201, 301 and 401 of ERISA. All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under the Plan.

Section 12.02 Nonassignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 12.03 Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 12.04 Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of domicile of National Commerce Bancorporation, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 12.05 Employment Status. This Plan does not constitute a contract of employment or impose on the Partici pant or the Company any obligation for the Participant to remain an employee of the Company or change the status of the Participant's employment or the policies of the Company and its affiliates regarding termination of employment.

Section 12.06 Underlying Bonus Plans and Programs. Nothing in this Plan shall prevent the Company from modifying, amending or terminating the compensation or the bonus plans and programs pursuant to which cash bonuses are earned and which are deferred under this Plan.

Section 12.07 Severance. Notwithstanding anything to the contrary herein the Compensation/Benefits Committee may, in its sole and exclusive discretion, determine that the Deferral Account of a Participant who has incurred a Termination of Employment and who receives or will receive severance payments from the Company shall be paid in installments, at such intervals as the Compensation/Benefits Committee may decide.

IN WITNESS WHEREOF, the Company has caused this Plan to be properly executed on the ______ day of _________________, 1999.

National Commerce Bancorporation

(Corporate Seal)

By:______________________________

Its:______________________________

Attested to:

____
Secretary

APPENDIX A

TIRA Money Market Fund
TIRA Fixed Income Fund
TIRA Equity Fund
NCBC Stock Fund

EXHIBIT 13

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Management's Discussion and Analysis of Financial Condition and Results of Operations

The purpose of this discussion is to focus on important factors affecting the Company's financial condition and results of operations. Reference should be made to the consolidated financial statements (including the notes thereto), the selected financial data and other consolidated financial statements presented elsewhere in this report for an understanding of the following discussion and analysis. In this discussion, net interest income and net interest margin are presented on a fully taxable equivalent basis. All per share data is adjusted to reflect all stock dividends and stock splits declared through December 31, 1998.

RESULTS OF OPERATIONS

For the year ended December 31, 1998, net income totaled $85,141,000, a $15,361,000 or 22.0 percent increase over 1997 net income of $69,780,000. Net income increased by $12,267,000 or 21.3 percent in 1997. Basic earnings per share were $.85 in 1998, compared to $.71 in 1997 and $.59 in 1996. Diluted earnings per share were $.83 in 1998, compared to $.69 in 1997 and $.57 in 1996. For 1998, return on average assets was 1.66 percent, compared to 1.58 percent in 1997 and 1.51 percent in 1996. Return on average equity (excluding unrealized gains or losses on investment securities) was 22.15 percent in 1998, compared to 20.92 percent in 1997 and 19.44 percent in 1996.

Net interest income, the difference between interest earned on loans and investments and interest paid on interest-bearing liabilities, increased by $31,374,000 or 18.7 percent in 1998, increased by $26,895,000 or 19.1 percent in 1997 and increased by $14,830,000 or 11.8 percent in 1996. The increase in 1998 reflects a $48,171,000 or 14.1 percent increase in interest income and a $16,797,000 or 9.6 percent increase in total interest expense. The increase in interest income was the result of a $369,950,000 or 14.7 percent increase in average loans and a $209,866,000 or 13.4 percent increase in average investment securities, offset by a decrease in the average yield on earning assets from 8.24 percent in 1997 to 8.18 percent in 1998. The increased volume of average earning assets (partially funded by an increase of $171,076,000 in average non-interest-bearing liabilities, net of non-interest-earning assets) positively impacted interest income by approximately $50 million, while the decreased yield on average earning assets negatively impacted interest income by approximately $2 million. Interest expense increased in 1998, reflecting a $538,198,000 or 14.8 percent increase in average outstanding interest-bearing liabilities, and a decrease in the cost of interest-bearing liabilities from 4.79 percent in 1997 to 4.58 percent in 1998. The decrease in the rate paid on interest-bearing liabilities reduced interest expense by approximately $7 million and the increase in average outstandings negatively affected interest expense by approximately $24 million. The 1997 increase in net interest income was primarily the result of an increase in earning assets and an increase of $64,194,000 in average non-interest-bearing liabilities, net of non-interest-earning assets. The net interest margin (taxable equivalent net interest income as a percentage of average earning assets) was 4.17 percent in 1998, compared to 4.04 percent in 1997 and 3.89 percent in 1996. The yield on earning assets was 8.18 percent in 1998, compared to 8.24 percent in 1997 and 8.08 percent in 1996. The cost of interest-bearing liabilities was 4.58 in 1998, compared to 4.79 percent in 1997 and 4.78 percent in 1996.

The Company's provision for loan losses was $9,599,000 for 1998, compared to $17,013,000 for 1997 and $14,134,000 for 1996. The 1998 provision was primarily the result of loan growth. Net loan charge-offs were $7,610,000 (.26 percent of average loans, net of unearned discounts) in 1998, compared to $9,855,000 (.39 percent of average loans, net of unearned discounts) in 1997, and $7,515,000 (.35 percent of average loans, net of unearned discounts) in 1996.

The allowance for loan losses at December 31, 1998, was $49,122,000 or 1.54 percent of loans, net of unearned discounts, compared to $43,297,000 or 1.66 percent of loans at December 31, 1997, and $35,514,000 or 1.51 percent of net loans at December 31, 1996.

[GRAPH APPEARS HERE]

[GRAPH APPEARS HERE]

Following is a comparison of non-earning assets and accruing loans past due 90 days or more for the years ended December 31, 1998, 1997 and 1996:

<TABLE>
<CAPTION>

In Thousands	1998	1997	1996
<S>	<C>	<C>	<C>
Non-accrual loans	$ 533	$ --	$ --
Renegotiated loans	0	--	--
Other real estate owned	442	--	--
Total non-earning assets	$ 975	$ --	$ --
Accruing loans past due 90 days or more	$4,218	$3,134	$3,482
Percentage of total loans	0.13%	0.12%	0.15%

</TABLE>

There were no non-performing assets at December 31, 1997 or 1996. Based on the regulatory definition, the Company has no "Highly Leveraged Transactions" (HLTs). The Company also has no loans involving syndicated leveraged buyouts (LBOs). Management believes that the allowance for loan losses is adequate to provide for inherent losses in the loan portfolio.

Non-interest income (excluding securities gains or losses) increased $2,189,000 or 2.7 percent in 1998. Non-interest income increased $12,853,000 or 18.5 percent in 1997. Included in 1997 non-interest income was a net gain of $8 million relating to the sale of substantially all of the Company's credit card receivables. The net income impact of the credit card sale was an after-tax gain of $1,784,000 ($.02 per share) for the year and the fourth quarter of 1997. All other sources of non-interest income including broker-dealer revenue, trust service income, service charge income, fuel card processing income and in-store banking licensing income increased a net of $10,766,000 or 16.9 percent. Securities gains totaled $197,000 in 1998, and securities losses totaled $80,000 in 1997.

Non-interest expenses (excluding the provision for loan losses) increased by $16,844,000 or 13.6 percent in 1998, primarily reflecting increased employment and other expenses relating to new products and locations, and increased promotional expenses of new loan and deposit gathering campaigns. Total non-interest expenses increased by $19,585,000 or 18.9 percent in 1997, primarily for the same reasons.

[GRAPH APPERS HERE]

[GRAPH APPERS HERE]

FINANCIAL CONDITION

The Company functions as a financial intermediary, and as such its financial condition should be examined in terms of trends in its sources and uses of funds. The following comparison of daily average balances indicates how the Company has managed its sources and uses of funds:

SOURCES AND USES OF FUNDS TRENDS

<TABLE>
<CAPTION>

In Thousands	1998 Average Balance	1997-1998 Increase (Decrease) Amount	%	1997 Average Balance	1996-1997 Increase (Decrease) Amount	%	1996 Average Balance
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

Funding Uses							
Interest-earning assets:							
Loans, net of unearned discounts	$2,883,277	$369,950	14.7%	$2,513,327	$382,517	18.0%	$2,130,810
Securities:							
Taxable	1,633,577	202,482	14.1	1,431,095	163,560	12.9	1,267,535
Non-taxable	146,053	7,384	5.3	138,669	(5,037)	(3.5)	143,706
Trading account securities	51,163	20,375	66.2	30,788	1,631	5.6	29,157
Federal funds sold and securities purchased under agreements to resell	34,938	18,438	111.7	16,500	(6,888)	(29.5)	23,388
Time deposits in banks	19,083	872	4.8	18,211	1,227	7.2	16,984
Total interest-earning assets	4,768,091	619,501	14.9	4,148,590	537,010	14.9	3,611,580
Other uses	346,035	89,773	35.0	256,262	55,728	27.8	200,534
Total funding uses	$5,114,126	$709,274	16.1%	$4,404,852	$592,738	15.5%	$3,812,114
Funding Sources							
Interest-bearing liabilities:							
Interest-bearing deposits	$3,046,283	$419,893	16.0%	$2,626,390	$279,820	11.9%	$2,346,570
Federal funds purchased and securities sold under agreements to repurchase	470,349	24,486	5.5	445,863	109,136	32.4	336,727
Other borrowed funds and long-term debt	655,279	93,819	16.7	561,460	83,860	17.6	477,600
Total Interest-bearing liabilities	4,171,911	538,198	14.8	3,633,713	472,816	15.0	3,160,897
Non-interest-bearing deposits	413,724	85,301	26.0	328,423	22,434	7.3	305,989
Capital trust pass-through securities	49,891	11,812	31.0	38,079	38,079	100.0	-
Stockholders' equity	384,342	50,814	15.2	333,528	37,702	12.7	295,826
Other sources	94,258	23,149	32.6	71,109	21,707	43.9	49,402
Total funding sources	$5,114,126	$709,274	16.1%	$4,404,852	$592,738	15.5%	$3,812,114

</TABLE>

Average loans, the largest use of funds, increased $370 million or 14.7 percent in 1998 and $383 million or 18.0 percent in 1997. Increases in consumer loans, real estate construction and mortgage loans and commercial loans were the primary reasons for the increases in 1998 and 1997. For 1998 and 1997 the growth in all loan categories reflects increased demand and consumer loan promotions.

Total securities (excluding the trading account), another major use of funds, increased by $210 million or 13.4 percent in 1998. Taxable securities increased by $202 million or 14.1 percent, reflecting increases in both fixed- and variable-rate federal agency securities. Non-taxable securities increased by $7 million or 5.3 percent, reflecting decreased investment in bank-qualified municipal investments. Total securities increased by $158 million or 11.2 percent in 1997. The 1997 increase reflects increa ses in both fixed-and variable-rate federal agency securities and non-taxable securities. The Company accounts for securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which requires an adjustment of the securities portfolio to market value for those designated as available for sale, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity. This year-end adjustment increased the securities portfolio by $2.3 million and increased stockholders' equity by $1.4 million at December 31, 1998, and increased the securities portfolio by $3.7 million and increased stockholders' equity by $2.3 million at December 31, 1997.

Trading account securities increased by $20 million or 66.2 percent in 1998 and $2 million or 5.6 percent in 1997. These changes are a result of brokerage activities at NBC Capital Markets Group, Inc.

Federal funds sold and securities purchased under agreements to resell increased by $18 million or 111.7 percent in 1998 and decreased by $7 million or 29.5 percent in 1997, representing excess funds not otherwise employed in loans or investment securities.

Time deposits in other banks increased by $1 million or 4.8 percent in 1998 and increased by $1 million or 7.2 percent in 1997. This is a readily manageable asset and balances are maintained at levels which are based on operating needs. Total interest-earning assets increased by $620 million or 14.9 percent in 1998, compared to an increase of $537 million or 14.9 percent in 1997. As described below, the growth in 1998 and 1997 was funded primarily by increases in interest-bearing deposits, other borrowed funds and stockholders' equity.

Total average deposits increased by $505 million or 17.1 percent in 1998, compared to an increase of $302 million or 11.4 percent in 1997. Total interest-bearing deposits increased $419 million or 16.0 percent and total non-interest-bearing deposits increased $85 million or 26.0 percent in 1998, reflecting current market trends, compared to an increase of $280 million or 11.9 percent in interest-bearing deposits and an increase of $22 million or 7.3 percent in non-interest-bearing deposits in 1997.

Federal funds purchased and securities sold under agreements to repurchase increased $24 million or 5.5 percent in 1998, compared to an increase of $109 million or 32.4 percent in 1997. These changes were primarily the result of the availability of overnight funds purchased from downstream correspondent banks.

Other borrowed funds, primarily Federal Home Loan Bank advances and bank notes, increased $94 million or 16.7 percent in 1998, compared to an increase of $84 million or 17.6 percent in 1997. These advances and notes are partially the result of asset/liability management decisions matching certain earning assets (first mortgage and consumer installment loans) against these advances at positive rate spreads.

In March 1997, the Company issued $49,875,000 in floating rate capital trust pass-through securities ("capital securities"). The proceeds of this issue are being used by the Company for general corporate purposes and may be counted as Tier 1 capital.

For 1999, the Company anticipates loan demand and deposit growth similar to that which occurred in 1998 due to expansion in existing markets in Tennessee, Virginia, North Carolina, Arkansas, Mississippi and Georgia. The Company expects continued back-office expense control and continued increases in non-interest income. The resulting pre-tax income should be sufficient to realize the benefits of the Company's deferred tax assets referenced in Note R.

[GRAPH APPEARS HERE]

Liquidity And Interest Rate Sensitivity Management

Weighted average variable rates are based on the implied forward rates in the yield curve at the reporting date:

1998 Market Risk Disclosure

<TABLE>

<CAPTION>

	Principal Amount Maturing in	Fair Value

Dollar Amounts in Thousands	1999	2000	2001	2002	2003	Thereafter	Total	Dec 31, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
RATE-SENSITIVE ASSETS:								
Fixed interest rate loans	$ 514,196	$458,567	$481,546	$358,591	$369,870	$135,104	$2,317,874	$2,407,000
Average interest rate	8.56%	8.95%	8.75%	8.76%	8.38%	8.40%	8.67%	
Variable interest rate loans	$ 592,424	$ 51,002	$ 43,138	$ 48,510	$ 57,014	$ 86,755	$ 878,843	$ 883,000
Average interest rate	8.25%	7.75%	7.75%	7.75%	7.75%	7.75%	8.09%	
Fixed interest rate securities	$ 1,060,661	$ 64,198	$100,429	$ 85,502	$ 70,017	$244,477	$1,625,284	$1,631,000
Average interest rate	6.55%	6.10%	6.17%	6.59%	6.23%	6.26%	6.45%	
Variable interest rate securities	$ 26,493	$ 13,514	$ 13,364	$ 11,028	$ 10,012	$398,671	$ 473,082	$ 472,000
Average interest rate	6.36%	6.18%	6.18%	6.17%	6.16%	6.16%	6.17%	
RATE-SENSITIVE ASSETS:								
Non-interest-bearing checking	$ 291,679	$ 46,878	$ 49,527	$ 44,287	$ 49,527	--	$ 481,898	$ 482,000
Average interest rate	--	--	--	--	--	--	--	--
Savings and interest-bearing checking	$ 563,268	$286,164	$283,600	$291,463	$284,970	--	$1,709,465	$1,709,000
Average interest rate	3.16%	3.16%	3.16%	3.16%	3.16%	--	3.16%	
Time deposits	$ 1,337,339	$356,798	$ 17,106	$ 10,094	$ 6,524	$ 28,051	$1,755,912	$1,783,000
Average interest rate	5.30%	5.67%	5.83%	5.93%	5.71%	4.70%	5.35%	
Fixed interest rate borrowings	$ 17,199	$ 12,624	$ 9,824	$ 10,352	$ 6,611	$681,372	$ 737,982	$ 738,000
Average interest rate	5.46%	5.41%	5.40%	5.40%	5.37%	4.94%	4.98%	
Variable interest rate borrowings	$ 441,829	$150,000	--	--	--	--	$ 591,829	$ 592,000
Average interest rate	4.26%	5.60%	--	--	--	--	4.55%	

RATE-SENSITIVE DERIVATIVE FINANCIAL INSTRUMENTS:

Pay fixed/receive variable	
Interest rate swaps	$ 110.00
Average pay rate	5.20%
Average receive rate	5.53%

* Interest rate swaps are cancelable after one year.
</TABLE>
1997 Market Risk Disclosure
<TABLE>
<CAPTION>

	Principal Amount Maturing in							Fair Value
Dollar Amounts in Thousands	1998	1999	2000	2001	2002	Thereafter	Total	Dec 31, 1997
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
RATE-SENSITIVE ASSETS:								
Fixed interest rate loans	$ 333,371	$381,479	$292,494	$209,302	$160.438	$417,861	$1,794,945	$1,825,000
Average interest rate	9.06%	8.71%	9.02%	9.04%	8.98%	8.97%	8.95%	
Variable interest rate loans	$ 556,264	$ 49,570	$ 19,555	$ 21,738	$ 47,402	$109,493	$ 814.022	$ 817,000
Average Interest rate	9.03%	8.50%	8.42%	8.50%	8.50%	8.50%	8.87%	
Fixed Intrest rate securities	$ 730,655	$107,697	$ 29,666	$ 24,512	$ 33,765	$196,261	$1,122,556	$1,127,000
Average Interest rate	6.94%	6.60%	6.08%	5.75%	5.86%	6.00%	6.67%	
variable interest rate securities	$ 8,656	$ 7,623	$ 6,483	$ 5,148	$ 5,419	$462,269	$ 495,598	$ 490,000
Average interest rate	6.52%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	
Other interest-bearing assets	$ 139,634	--	--	--	--	--	$ 139,634	$ 139,000
Average interest rate	6.32%	--	--	--	--	--	6.32%	
RATE-SENSITIVE LIABILITIES:								
Non-interest-bearing checking	$ 296,107	$ 36,000	$ 38,000	$ 34,000	$ 13,641	--	$ 417,748	$ 401,000
Average interest rate	--	--	--	--	--	--	--	
Savings and interest-bearing checking	$ 433,489	$220,000	$218,000	$224,000	$218,114	--	$1,313,603	$1,264,000
Average Interest rate	3.24%	3.24%	3.24%	3.24%	3.24%	--	3.24%	
Time deposits	$ 1,347,990	$129,831	$ 18,930	$ 10,387	$ 6,282	$ 6,471	$1,519,891	$1,502,000
Average interest rate	5.52%	6.18%	6.31%	6.01%	5.78%	5.90%	5.59%	
Fixed Interest rate borrowings	$ 16,997	$ 74,797	$ 12,651	$ 9,828	$ 10,442	$ 6,169	$ 130,884	$ 131,000
Average Interest rate	5.48%	5.85%	5.60%	5.40%	5.40%	5.37%	5.69%	
Variable Interest rate borrowings	$ 888,709	--	--	--	--	--	$ 888,709	$ 870,000
Average Interest rate	5.40%	--	--	--	--	--	5.40%	

</TABLE>

Due to the Company not utilizing significant derivative positions to manage interest rate risk, the Company manages interest rate risk with an Asset/Liability Management Committee comprised of senior management personnel from each key banking function.

The primary functions of asset/liability management are to assure adequate liquidity and to maintain an appropriate balance between interest-earning assets and interest-bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs. Interest rate sensitivity management seeks to avoid rapidly fluctuating net interest margins and to promote consistent growth of net income through periods of changing interest rates.

Cash and due from bank balances, federal funds sold, trading account securities and securities available for sale are the principal sources of short-term asset liquidity. Other sources of short-term liquidity include federal funds purchased and repurchase agreements, credit lines with other banks and borrowings from the Federal Home Loan Bank. Maturing loans and securities are the principal sources of long-term asset liquidity. Automobile and home equity loans are secondary liquidity sources as a result of active securitizations based on these products.

Interest rate sensitivity varies with different types of interest-earning assets and interest-bearing liabilities. Overnight federal funds, on which rates change daily, and loans which are tied to the Prime rate are much more interest rate sensitive than long-term, fixed-rate securities and fixed-rate loans. Similarly, time deposits of $100,000 and over and money market certificates and accounts are much more interest rate sensitive than savings accounts. The shorter term interest rate sensitivities are the key to measurement of the interest sensitivity gap, or difference between interest-sensitive-earning assets or interest-sensitive-bearing liabilities or vice versa. Trying to minimize this gap is a continual challenge in a changing interest rate environment and one of the objectives of the Company's asset/liability management strategy. Company policy states that the six-month cumulative gap shall be no more than 12 percent of total assets and the one-year cumulative gap, no more than 15 percent. At year-end 1998 and 1997, both six-month and one-year cumulative gaps were within these parameters.

The adjacent market risk tables provide information about the Company's financial instruments used for purposes other than trading that are sensitive to changes in interest rates. For loans, securities and liabilities with contractual maturities, the tables present principal cash flows and related weighted average interest rates by contractual maturities as well as the Company's historical experience of the impact of interest rate fluctuations on the prepayment of residential and home equity loans and mortgage-backed securities. For core deposits (e.g. DDA, interest checking, savings and money market deposits) that have no contractual maturity the tables present principal cash flows and, as applicable, related weighted average interest rates based on the Company's historical experience, management's judgment and statistical analysis, as applicable, concerning their most likely withdrawal behaviors.

CAPITAL RESOURCES

Total average assets increased by 16.1 percent in 1998, 15.5 percent in 1997 and 18.6 percent in 1996. Correspondingly, total average equity capital increased by 15.2 percent in 1998, 12.7 percent in 1997 and 8.6 percent in 1996.

The percentage of average equity capital to average assets was 7.52 percent in 1998, 7.57 percent in 1997 and 7.76 percent in 1996. The internal capital growth rate was 13.95 percent in 1998, 14.17 percent in 1997 and 12.89 percent in 1996. These growth rates are the result of a return on average equity of 22.15 percent in 1998, 20.92 percent in 1997 and 19.44 percent in 1996. A stock repurchase program was authorized in 1996 for 8 million shares over two years and in 1997 for 6 million shares over the two years ended 1998 and 1999 for purposes of offsetting stock issuances planned for stock option and other employee benefit plans. During 1998, 1,856,560 shares of common stock were repurchased at a cost of $34,023,284, compared to 1,406,690 shares of common stock repurchased in 1997 at a cost of $18,129,000 and 4,099,712 shares repurchased in 1996 at a cost of $30,581,000.

[GRAPH APPEARS HERE]

The Company's management plans to continue its efforts to increase the return on average equity while maintaining a consistent dividend ratio in order to achieve continued internal capital growth.

The Company accounts for securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This resulted in an increase of $1.4 million to 1998 year-end stockholders' equity and an increase of $2.3 million to 1997 year-end stockholders' equity.

The following ratios in the table on selected capital information do not include the effect of SFAS No. 115 on Tier 1 capital, total capital or total risk-weighted assets.

At December 31, 1998, the Company did not have any material commitments which would require an expenditure of capital funds. However, there are regulatory constraints placed on the Company's capital. The FDIC Improvement Act (FDICIA), effective December 19, 1992, established capital levels for the five capital categories created by the law. These capital categories range from the highest category, well-capitalized institutions, to the lowest category, critically under-capitalized institutions. The federal banking regulatory agencies each issued substantially the same regulations on a joint basis to establish a uniform approach to the capital categories and supervisory procedures. Well-capitalized institutions are required to maintain a total capital to risk-weighted assets ratio of at least 10 percent, a Tier 1 capital to risk-weighted assets ratio of at least 6 percent and a Tier 1 capital to total assets (leverage ratio) of at least 5 percent. As indicated in the table of selected capital information, the Company and its banking subsidiaries exceeded all minimum required capital ratios for well-capitalized institutions at December 31, 1998.

SELECTED CAPITAL INFORMATION
<TABLE>
<CAPTION>

In Thousands	December 31 1998	December 31 1997
<S>	<C>	<C>
CAPITAL:		
Stockholders' equity	$ 408,549	$ 352,148
Capital trust pass-through securities	49,896	49,884
Less:		
Unrealized gains on securities, net of taxes	1,398	2,250
Goodwill and other deductions	8,604	8,670
Tier 1 capital	448,443	391,112
Qualifying allowance for loan losses	47,549	38,824
Total capital	$ 495,992	$ 429,936
Total risk-weighted assets	$3,802,356	$3,101,457
RATIOS:		
Total capital to risk-weighted assets	13.04%	13.86%
Tier 1 capital to risk-weighted assets	11.79	12.61
Tier 1 capital to total assets (leverage ratio)	8.03	8.69
Average equity to assets	7.52	7.57

</TABLE>

IMPACT OF INFLATION AND CHANGING PRICES

The majority of assets and liabilities of a financial institution are monetary in nature and therefore differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventories. However, inflation does have an important impact on the growth of total assets in the banking industry and the resulting need to increase equity capital at higher than normal rates in order to maintain an appropriate equity to assets ratio. Another significant effect of inflation is on other expenses, which tend to rise during periods of general inflation.

Management believes the most significant impact on financial results is the Company's ability to react to changes in interest rates. As discussed previously, management's strategy is to attempt to maintain an essentially balanced position between interest-sensitive assets and liabilities in order to protect against wide interest rate fluctuations.

YEAR 2000 READINESS

The "Year 2000 issue" is a term used to describe the problems created by computer systems that are unable to accurately interpret dates after December 31, 1999. It arises because many software programs use only two digits to specify the year rather than four. Unless modified, such programs may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send statements or engage in similar normal business activities.

Management recognized the unique worldwide challenge of the Year 2000 issue several years ago, and in 1996 appointed a task force of senior officers to develop and oversee execution of a comprehensive action plan for identifying and addressing the technical and business risks associated with the century date change. The resultant project plan incorporates procedures recommended by the Federal Financial Institutions Examination Council and is employed throughout the organization. The Year 2000 project has been assigned highest priority. The audit committee of the board of directors is regularly advised of the status of the Company's Year 2000 readiness efforts.

The Company engages the services of third-party software vendors and service providers for most of its mission critical business applications. In addressing the Year 2000 issue, the Company's plan analyzes how the Year 2000 will impact its operations, including monitoring the status of its service providers and evaluating alternatives. Most of the Company's major vendors and service providers have completed Year 2000 renovation and provided compliant versions of mission critical systems. It is anticipated that the Company's implementation and validation of these systems will be substantially complete by March 31, 1999.

The Company's Year 2000 plan also includes assessing risks associated with its major borrowers, funds providers and other external counterparties who may encounter Year 2000 related problems. Questionnaires, letters, verbal communication and published readiness statements are being used to evaluate exposure. These assessment efforts and the evaluation of alternatives will continue through the remainder of 1999.

The Company has business continuity plans in place that cover its current operations. As part of its Year 2000 preparations, the plans are being expanded to address reasonably likely failure scenarios for critical information systems, external relationships and the embedded systems in its critical facilities. These plans are designed to provide methods of returning to normal activities while minimizing the impact of any disruptions on operations. The Company expects Year 2000 contingency planning to be substantially complete by June 30, 1999.

Given the Company's significant use of third-party software vendors, incremental costs of the Year 2000 project, which exclude the costs to upgrade and replace systems in the ordinary course of business, are not expected to be material to the consolidated results of operations or financial position. The Company has reallocated some internal resources from non-critical activities to assist with the Year 2000 project. These reallocations are not expected to have a material impact on the Company's ongoing business operations. No mission critical information technology projects have been deferred due to Year 2000 efforts.

Management believes the efforts described above will provide reasonable assurance that Year 2000 issues will be addressed successfully and without adverse impact on our customers, shareholders and business partners.

FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 (the "Act") provides a safe harbor for forward-looking statements made by or on behalf of the Company. All statements in this annual report that are not historical facts or that express expectations and projections with respect to future matters are "forward-looking statements" for the purpose of the safe harbor provided by the Act.

The Company cautions readers that such forward-looking statements, including, without limitation, those relating to future business initiatives and prospects, revenues, working capital, liquidity, capital needs, interest costs and income and Year 2000 remediation efforts, wherever they occur in this document or in other statements attributable to the Company, are necessarily estimates reflecting the best judgment of the Company's senior management. Such statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Such forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in this document. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include significant fluctuations in interest rates, inflation, economic recession, significant changes in the federal and state legal and regulatory environment, significant underperformance in the Company's portfolio of outstanding loans and competition in the Company's markets. Other factors set forth from time to time in the Company's reports and registration statements filed with the Securities and Exchange Commission should also be considered.

The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

<TABLE>
<CAPTION>

Dollar Amounts in Thousands	December 31 1998	1997
<S>	<C>	<C>
Assets		
Cash and cash equivalents:		
Interest-bearing deposits with other bank	$ 20,092	$ 18,293
Cash and non-interest-bearing deposits	224,875	206,191
Federal funds sold and securities purchased under agreements to resell	66,883	23,009
Total cash and cash equivalents	311,850	247,493
Available-for-sale securities (amortized cost - $718,989 at December 31, 1998, and $404,745 at December 31, 1997)	721,268	408,083
Held-to-maturity securities (market value - $1,381,692 at December 31, 1998, and $1,208,922 at December 31, 1997)	1,377,102	1,210,071
Trading account securities	62,737	98,332
Loans, net of unearned discounts	3,197,673	2,608,967
Less allowance for loan losses	49,122	43,297
Net loans	3,148,551	2,565,670
Premises and equipment, net	37,382	27,404
Broker/dealer customer receivables	2,505	7,695
Other assets	149,659	127,263
Total assets	$5,811,054	$4,692,011
Liabilities and Stockholders' Equity		
LIABILITIES		
Deposits:		
Non-interest-bearing	$ 481,898	$ 417,748
Interest-bearing	3,465,377	2,833,494
Total deposits	3,947,275	3,251,242
Federal funds purchased and securities sold under agreements to repurchase	591,829	423,573
Broker/dealer customer payables	714	59
Accounts payable and accrued liabilities	74,809	68,969
Federal Home Loan Bank advances	731,610	389,884
Other borrowed funds and long-term debt	6,372	156,252
Total liabilities	5,352,609	4,289,979
Capital trust pass-through securities	49,896	49,884
STOCKHOLDERS' EQUITY		
Preferred stock, no par value -- authorized 5,000,000 shares, none issued		

Common stock, par value $2 per share - authorized 175,000,000 shares, issued and outstanding 101,442,799 in 1998 and 48,851,987 in 1997	202,885	97,704
Additional paid-in capital	30,744	52,524
Retained earnings	173,522	199,670
Accumulated other comprehensive income	1,398	2,250
Total stockholders' equity	408,549	352,148
Total liabilities and stockholders' equity	$5,811,054	$4,692,011

</TABLE>

See notes to consolidated financial statements.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

<TABLE>
<CAPTION>

	Year Ended December 31		
In Thousands, Except Per Share Amounts	1998	1997	1996
<S>	<C>	<C>	<C>
Interest Income			
Loans	$260,253	$229,204	$190,879
Securities:			
Taxable	108,575	96,421	83,797
Non-taxable	7,789	7,488	7,765
	116,364	103,909	91,562
Trading account securities	3,073	1,857	1,777
Other	3,897	2,023	2,349
Total interest income	383,587	336,993	286,567
Interest Expense			
Deposits	134,186	119,159	107,965
Short-term borrowings	22,744	22,665	16,546
Federal Home Loan Bank advances	27,904	23,032	23,025
Long-term debt	6,135	9,316	3,565
Total interest expense	190,969	174,172	151,101
Net interest income	192,618	162,821	135,466
Provision for loan losses	9,599	17,013	14,134
Net interest income after provision for loan losses	183,019	145,808	121,332
Other Income			
Trust service income	10,135	9,284	8,719
Service charges on deposits	18,716	16,664	14,292
Other service charges and fees	17,997	12,819	10,902
Broker/dealer revenue	20,441	13,115	10,079
Investment securities gains (losses)	197	(80)	3
Other	17,385	30,603	25,640
Total other income	84,871	82,405	69,635
Other Expenses			
Salaries and employee benefits	65,550	56,501	48,468
Occupancy expense	11,966	10,552	8,517

Furniture and equipment expense	5,605	4,851	3,848
Other	57,183	51,556	43,042
Total other expenses	140,304	123,460	103,875
Income before income taxes	127,586	104,753	87,092
Income taxes	42,445	34,973	29,579
Net income	$ 85,141	$ 69,780	$ 57,513
Net income per common share-basic	$ .85	$ .71	$ .59
Net income per common share-diluted	$ .83	$ .69	$ .57
Weighted average shares outstanding-basic	100,551	97,997	98,188
Weighted average shares outstanding-diluted	102,884	101,369	100,196

</TABLE>
See notes to consolidated financial statements.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
<TABLE>
<CAPTION>

	Year Ended December 31		
In Thousands	1998	1997	1996
<S>	<C>	<C>	<C>
Operating Activities			
Net income	$ 85,141	$ 69,780	$ 57,513
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	9,599	17,013	14,134
Provision for depreciation and amortization	7,584	5,453	3,227
Amortization of securities premiums and (accretion of discounts), net	(2,683)	(422)	11
Deferred income taxes	(1,384)	(2,363)	(1,079)
(Increase) decrease in trading account securities	35,595	(66,520)	(11,653)
Realized securities (gains) losses	(197)	80	(3)
Decrease in broker/dealer customer receivables	5,190	4,004	1,745
(Increase) decrease in interest receivable	(12,800)	1,690	1,838
(Increase) decrease in other assets	19,081	(18,300)	(28,429)
Increase (decrease) in broker/dealer customer payables	655	(943)	(269)
Increase (decrease) in interest payable	8,266	1,765	(315)
Increase in accounts payable and accrued liabilities	6,018	12,784	23,388
Net cash provided by operating activities	160,065	24,021	60,108
Investing Activities			
Available-for-sale securities:			
Proceeds from maturities of securities	530,760	347,836	78,456
Proceeds from sales of securities	223,463	81,351	289,492
Purchases of securities	(1,022,592)	(109,081)	(557,647)
Held-to-maturity securities:			
Purchases of securities	(828,168)	(457,066)	(149,707)
Proceeds from maturities of securities	617,791	38,709	94,738

Net increase in loans	(592,480)	(270,224)	(422,848)
Purchases of premises and equipment	(17,562)	(10,499)	(6,644)
Net cash used in investing activities	(1,088,788)	(378,974)	(674,160)
Financing Activities			
Net increase in demand deposits, NOW accounts and savings accounts	460,012	52,767	249,372
Net increase in certificates of deposit	236,021	222,045	152,288
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	168,256	125,163	(106,336)
Net increase (decrease) in Federal Home Loan Bank advances	341,726	(6,225)	23,310
Issuance (repayment) of bank notes	(149,868)	---	149,684
Net proceeds from issuance of capital trust pass-through securities	---	49,884	---
Proceeds from exercise of stock options	2,401	3,516	3,829
Cash dividends	(31,532)	(22,529)	(19,367)
Other	---	52	---
Repurchase of common stock	(33,936)	(18,129)	(30,581)
Net cash provided by financing activities	993,080	406,544	422,199
Increase (decrease) in cash and cash equivalents	64,357	51,591	(191,853)
Cash and cash equivalents at beginning of year	247,493	195,902	387,755
Cash and cash equivalents at end of year	$ 311,850	$ 247,493	$ 195,902

</TABLE>
See notes to consolidated financial statements.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Consolidated Statements of Stockholders' Equity

<TABLE>
<CAPTION>

Dollar Amounts in Thousands	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1996	24,834,581	$ 49,669	$ 80,605	$161,878	$ 4,527	$296,679
Add (deduct):						
Net income				57,513		57,513
Unrealized loss on available-for-sale securities, net of taxes					(3,297)	(3,297)
Comprehensive income						54,216
Common stock issued upon exercise of stock options	346,433	693	3,136			3,829
Cash dividends declared ($.20 per share)				(19,367)		(19,367)
Tax benefit of stock options exercised			2,405			2,405
Shares repurchased/canceled	(1,024,928)	(2,050)	(28,531)			(30,581)
Common stock issued for acquisitions	229,116	458	4,148			4,606
Other				1,542		1,542
Balance at December 31, 1996	24,385,202	48,770	61,763	201,566	1,230	313,329
Add (deduct):						
Net income				69,780		69,780
Unrealized gain on available-for-sale securities, net of taxes					1,020	1,020
Comprehensive income						70,800
Common stock issued upon exercise of stock options	517,120	1,034	2,482			3,516
Cash dividends declared ($.23 per share)				(22,529)		(22,529)
Tax benefit of stock options exercised			5,109			5,109

Shares repurchased/cancelled	(699,845)	(1,400)	(16,729)			(18,129)
2 for 1 stock split effected in the form of a dividend	24,590,490	49,181		(49,181)		
Other	59,020	119	(101)	34		52
Balance at December 31, 1997	48,851,987	97,704	52,524	199,670	2,250	352,148
Restatement for poolings of interests	3,075,929	6,151	781	19,771		26,703
Restated balance at December 31, 1997	51,927,916	103,855	53,305	219,441	2,250	378,851
Add (deduct):						
Net income				85,141		85,141
Unrealized loss on available-for-sale securities, net of taxes					(852)	(852)
Comprehensive income						84,289
Common stock issued upon exercise of stock options	943,427	1,887	514			2,401
Cash dividends declared ($.32 per share)				(31,532)		(31,532)
Tax benefit of stock options exercised			7,886			7,886
Shares repurchased/cancelled	(1,236,030)	(2,472)	(31,464)			(33,936)
2 for 1 stock split effected in the form of a dividend	49,764,186	99,528		(99,528)		
Other	43,300	87	503			590
Balance at December 31, 1998	101,442,799	$202,885	$ 30,744	$173,522	$ 1,398	$408,549

</TABLE>

See notes to consolidated financial statements.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Notes To Consolidated Financial Statements

December 31, 1998

Note A. Significant Accounting Policies

BASIS OF PRESENTATION The accounting and reporting policies of the Company conform to generally accepted accounting principles and general practices within the financial services industry. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

CONSOLIDATION The consolidated financial statements include the accounts of National Commerce Bancorporation and its subsidiaries (the Company). The consolidated group provides financial services principally to domestic markets. All significant intercompany transactions have been eliminated in consolidation.

SECURITIES In accordance with Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," securities available for sale are carried at market. The amortized cost of debt securities classified as available for sale is adjusted for amortization of premiums and accretion of discounts to maturity or, in the case of mortgage-backed securities, over the estimated life of the security. Unrealized gains or losses on these securities are included in other comprehensive income. Securities which the Company intends to hold until maturity are stated at cost adjusted for amortization of premiums and accretion of discounts. Trading account securities consist of securities inventories held for the purpose of brokerage activities and are carried at market. Trading account income includes the effects of adjustments to market values. The adjusted cost of the specific securities sold is used to compute gains or losses on the sale of securities.

INTEREST RATE SWAPS Net interest received or paid on an interest rate agreement that is a hedge against interest rate risks is recognized over the life of the contract as an adjustment to interest income (expense) of the hedged financial instrument.

INTEREST INCOME Interest on loans is accrued and credited to operations based upon the principal amount outstanding. Generally, the accrual of income is discontinued when the full collection of principal or interest is in doubt or when the payment of principal or interest has become contractually 90 days past due unless the obligation is both well secured and in the process of collection. When interest accruals are discontinued, interest credited to income in the current year is reversed and interest accrued in the prior year is charged to the allowance for loan losses.

LOAN FEES AND COSTS Loan origination and commitment fees and certain direct costs are deferred and the net amount amortized as an adjustment of the related loans' yields, generally over the contractual life, or estimated economic life if shorter, of the related loans.

PREMISES AND EQUIPMENT Premises and equipment are stated at cost, less accumulated depreciation. The provision for depreciation is computed generally by use of the straight-line method. Leasehold improvements are amortized over the period of the leases or the estimated lives of the improvements, whichever period is shorter.

PROVISION FOR LOAN LOSSES For financial reporting purposes, the provision for loan losses charged to operating expense is based upon a credit review of the loan portfolio, past loan loss experience, current economic conditions and other pertinent factors which form a basis for determining the adequacy of the allowance for loan losses. The allowance is maintained at a level believed adequate by management to absorb potential losses in the loan portfolio.

EARNINGS PER SHARE All earnings per share amounts for all periods have been presented to conform to the Financial Accounting Standards Board (FASB) Statement No. 128 earnings per share requirements. In addition, all share and per share amounts have been retroactively restated for all stock dividends and splits declared through December 31, 1998.

INCOME TAXES The Company and its subsidiaries file a consolidated federal income tax return. Each subsidiary provides for income taxes on a separate-return basis and remits to or receives from the Company amounts currently payable or receivable.

Income taxes have been provided using the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes."

CASH FLOW INFORMATION Cash equivalents include cash, due from banks, federal funds sold and securities purchased under agreements to resell. Generally, federal funds are sold for one-day periods and securities purchased under agreements to resell are for periods of less than two weeks.

During 1998, 1997 and 1996, interest paid was $183,003,000, $172,407,000 and $151,416,000, respectively. During 1998, 1997 and 1996, income taxes paid were $32,305,000, $30,783,000 and $27,385,000, respectively.

RECLASSIFICATION Certain account reclassifications have been made to the 1997 and 1996 financial statements to conform with the 1998 presentation, none of which are material.

STOCK-BASED COMPENSATION The Company grants stock options for a fixed number of shares to employees with an exercise price equal to the fair value of the shares at the date of grant. The Company accounts for stock option grants in accordance with Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and, accordingly, recognizes no compensation expense for the stock option grants.

IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS In June 1998 the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement will require the Company to recognize all derivatives on the balance sheet at fair value. Because of the limited use of derivatives, the Company does not anticipate that the adoption of this Statement will have a significant effect on its results of operations or financial position.

Note B - Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. These fair values are provided for disclosure purposes only, and do not impact carrying values of financial statement amounts.

CASH AND CASH EQUIVALENTS The carrying amounts reported in the balance sheet for cash and cash equivalents approximate those assets' fair values.

SECURITIES (Including Mortgage-backed Securities) Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

TRADING ACCOUNT ASSETS Fair values for the Company's trading account assets (including off-balance-sheet instruments), which also are the amounts recognized in the balance sheet, are based on quoted market prices where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

LOANS RECEIVABLE For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for certain mortgage loans (e.g., one-to-four family residential) and certain consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values for other loans (e.g., commercial real estate and rental property mortgage loans, commercial and industrial loans, financial institution loans and agricultural loans) are estimated using discounted cash flow analyses, using interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest approximates its fair value.

DEPOSIT LIABILITIES The fair values disclosed for demand deposits (e.g., interest and non-interest checking, passbook savings and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). The carrying amounts for variable-rate, fixed-term money market accounts and certificates of deposit approximate their fair values at the reporting date. Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

SHORT-TERM BORROWINGS The carrying amounts of federal funds purchased, borrowings under repurchase agreements and other short-term borrowings approximate their fair values.

LONG-TERM BORROWINGS The fair values of the Company's long-term borrowings (other than deposits) are estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

OFF-BALANCE-SHEET INSTRUMENTS The Company has commitments to extend credit and standby letters of credit. These types of credit are made at market rates; therefore, there would be no market risk associated with these credits which would create a significant fair value liability for the Company.

In Thousands	December 31, 1998 Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 311,850	$ 311,850
Available-for-sale securities	$ 721,268	$ 721,268
Held-to-maturity securities	$1,377,102	$1,381,692
Trading account securities	$ 62,737	$ 62,737
Net loans	$3,148,551	$3,289,838
Financial liabilities:		
Deposits	$3,947,275	$3,974,728
Federal funds purchased	$ 591,829	$ 591,829
Federal Home Loan Bank advances, other borrowed funds and long-term debt	$ 737,982	$ 737,909
Capital trust pass-through securities	$ 49,896	$ 49,896

In Thousands	December 31, 1997 Carrying Amount	Fair Value
Financial assets:		
Cash and cash equivalents	$ 247,493	$ 247,493
Available-for-sale securities	$ 408,083	$ 408,083
Held-to-maturity securities	$1,210,071	$1,208,922
Trading account securities	$ 98,332	$ 98,332
Net loans	$2,565,670	$2,654,364
Financial liabilities:		
Deposits	$3,251,242	$3,233,920
Federal funds purchased	$ 423,573	$ 423,573
Federal Home Loan Bank advances, other borrowed funds and long-term debt	$ 546,136	$ 530,473
Capital trust pass-through securities	$ 49,884	$ 49,884

Note C - Restrictions on Cash and Due From Banks

The Company's lead bank subsidiary is required to maintain reserve balances with the Federal Reserve Bank. The average amounts of those reserve balances for the years ended December 31, 1998 and 1997, were approximately $9,253,000 and $4,131,000, respectively.

NOTE D - Securities

The following is a summary of available-for-sale securities and held-to-maturity securities:

	December 31, 1998			
	Available-for-sale Securities			
In Thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 318,000	$ 716	$ (527)	$ 318,189
Obligations of states and political subdivisions	67,083	1,273	(29)	68,327
Mortgage-backed securities	275,703	869	(53)	276,519
Total debt securities	660,786	2,858	(609)	663,035
Equity securities	58,203	30	---	58,233
Total	$ 718,989	$2,888	$ (609)	$ 721,268

	December 31, 1998			
	Held-to-maturity Securities			
In Thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 568,596	$ 140	$ (400)	$ 568,336
Obligations of states and political subdivisions	80,777	4,849	(12)	85,614
Other asset-based securities	68,039	1,598	(378)	69,259
Mortgage-backed securities	659,690	2,687	(3,894)	658,483
Total	$1,377,102	$9,274	$(4,684)	$1,381,692

	December 31, 1997			
	Available-for-sale Securities			
In Thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 226,676	$ 829	$ (543)	$ 226,962
Obligations of states and political subdivisions	65,275	1,544	(64)	66,755
Mortgage-backed securities	57,796	2,025	(11)	59,810
Total debt securities	349,747	4,398	(618)	353,527
Other	54,998	188	(630)	54,556

Total	$ 404,745	$4,586	$(1,248)	$ 408,083

December 31, 1997				
	Held-to-maturity Securities			
In Thousands	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Treasury securities and obligations of U.S. government agencies and corporations	$ 471,928	$ 198	$ (445)	$ 471,681
Obligations of states and political subdivisions	71,654	4,373	(40)	75,987
Other asset-backed securities	116,731	285	(134)	116,882
Mortgage-backed securities	549,758	3,255	(8,641)	544,372
Total	$1,210,071	$8,111	$(9,260)	$1,208,922

The amortized cost and estimated fair value of debt and marketable equity securities at December 31, 1998, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

December 31, 1998		
	Available-for-sale Securities	
In Thousands	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 23,783	$ 24,099
Due after one year through five years	71,641	72,833
Due after five years through 10 years	83,788	83,983
Due after 10 years	205,871	205,601
	385,083	386,516
Mortgage-backed securities	275,703	276,519
Equity securities	58,203	58,233
Total	$ 718,989	$ 721,268

December 31, 1998		
	Available-for-sale Securities	
In Thousands	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 5,469	$ 5,498
Due after one year through five years	11,948	12,171
Due after five years through 10 years	487,359	491,401
Due after 10 years	212,636	214,139

	717,412	723,209
Mortgage-backed securities	659,690	658,483
Total	$1,377,102	$1,381,692

</TABLE>

The amortized cost of securities pledged to secure repurchase agreements and government, public and trust deposits was $1,467,233,000 and $1,255,126,000 at December 1998 and 1997, respectively.

Note E. Loans
Analyses of loans outstanding by category were as follows:

<TABLE>
<CAPTION>

In Thousands	December 31 1998	1997
Commercial, financial and agricultural	$ 592,136	$ 512,534
Real estate - construction	242,993	241,334
Real estate - mortgage	1,153,717	781,826
Consumer	1,181,659	1,045,420
Lease financing	29,568	30,046
Unearned discounts	(2,400)	(2,193)
	3,197,673	2,608,967
Allowance for loan losses	(49,122)	(43,297)
Net loans	$3,148,551	$2,565,670

</TABLE>

The Company and its subsidiaries have granted loans to officers and directors of the Company and its subsidiaries and to their associates. Related party loans are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The aggregate dollar amount of these loans was $78,940,000 and $66,910,000 at December 31, 1998 and 1997, respectively. During 1998, $56,610,000 of new loans to related parties were made and payments totaled $44,580,000.

Note F. Allowance for Loan Losses
Changes in the allowance for loans losses were as follows:

<TABLE>
<CAPTION>

In Thousands	Year Ended December 31 1998	1997	1996
Balance at beginning of year	$43,297	$35,514	$29,010
Provision for loan losses	9,599	17,013	14,134
Increase due to acquisitions	3,836	625	288
Decrease due to loan sale	---	---	(403)
Loans charged off, net of recoveries of $4,039 in 1998, $2,944 in 1997 and $2,823 in 1996	(7,610)	(9,855)	(7,515)
Balance at end of year	$49,122	$43,297	$35,514

</TABLE>

Note G. Non-performing Assets and Past Due Loans
There was $533,000 in non-accrual loans at December 31, 1998, and none at December 31, 1997. There were no restructured loans at December 31, 1998 or

1997. Accruing loans past due 90 days or more were $4,218,000 and $3,134,000 at December 31, 1998 and 1997, respectively.

Note H. Premises and Equipment
The following is a summary of the premises and equipment accounts:

In Thousands	December 31 1998	1997
Land	$ 4,963	$ 2,911
Premises	5,543	2,364
Furniture and equipment	42,148	35,140
Leasehold improvements	21,695	18,340
Construction in progress	1,837	161
	76,186	58,916
Less accumulated depreciation and amortization	38,804	31,512
Premises and equipment, net	$ 37,382	$ 27,404

Note I. Deposits
Analyses of deposits outstanding by category were as follows:

In Thousands	December 31 1998	1997
Non-interest-bearing	$ 481,898	$ 417,748
Money market checking	415,815	286,555
Savings	109,094	83,626
Money market savings	1,184,556	943,422
Certificates of deposit less than $100,000	867,207	899,027
Certificates of deposit $100,000 and over	888,705	620,864
Total	$3,947,275	$3,251,242

The time deposit maturities at December 31 for the next five years and thereafter are as follows:

In Thousands	
1999	$1,337,339
2000	356,798
2001	17,106
2002	10,094
2003	6,524
Thereafter	28,051
Total	$1,755,912

Note J. Lease Commitments
The Company leases land, certain bank premises and equipment. Total rental expense for all operating leases is as follows:

In Thousands	Year Ended December 31 1998	1997	1996
Minimum rentals	$6,702	$6,043	$5,024
Contingent rentals	292	155	852
Total	$6,994	$6,198	$5,876

The contingent rentals are based on additional usage of equipment in excess of a specified minimum. Also, for land and bank premises, contingent rentals are based on escalation and parity clauses for real estate.

Future minimum payments, by year and in the aggregate, under non-cancellable operating leases with initial or remaining terms of one year or more, consisted of the following at December 31, 1998:

In Thousands	
1999	$ 6,370
2000	5,799
2001	5,218
2002	4,388
2003	3,483
Thereafter	13,550
Total	$38,808

The various leases on the land and bank premises may be renewed for periods of five to 70 years upon the expiration of the respective leases.

Note K. Credit Facilities
During 1998, the Company obtained numerous advances from the Federal Home Loan Bank totaling $675 million. The individual advances ranged from $10 million to $100 million. They bear interest at a fixed rate for the first year after their issue date, and thereafter may be converted, at the option of the Federal Home Loan Bank, to a floating rate equal to three-month LIBOR. During 1998, the fixed rates ranged from 4.73 percent to 5.15 percent, and the three-month LIBOR rate ranged from 5.07 percent to 5.72 percent. Maturity dates ranged from January 29, 2008, to July 22, 2013. At December 31, 1998, the Company had pledged as collateral $567,761,000 of its loans secured by mortgages on one-to-four family residential properties and certain securities totaling $467,660,000.

During 1997, the Company obtained numerous advances from the Federal Home Loan Bank totaling $384 million. The advances ranged from $15 million to $130 million at floating interest rates equal to one-month LIBOR, which ranged from 5.38 percent to 5.94 percent. Maturity dates ranged from January 14, 1998, until March 24, 2000. At December 31, 1997, the Company had pledged as collateral $346,489,000 of its loans secured by mortgages on one-to-four family residential properties and certain securities totaling $245,683,000.

Future minimum payments, by year and in the aggregate, related to the advances with initial or remaining terms of one year or more, consisted of the following at December 31, 1998:

In Thousands	
1999	$ 14,725
2000	12,244
2001	9,906

2002	10,453
2003	5,329
Thereafter	678,953
Total	$731,610

</TABLE>

Other borrowed funds and long-term debt at December 31, 1998 and 1997, consisted primarily of the following unsecured term notes of the Company's lead subsidiary National Bank of Commerce (NBC):

In Thousands	
Term notes originated October 23 and December 11, 1987, bearing interest payable at calendar quarters with a variable rate which is repriced every three years based on the yield on three-year United States Treasury notes. The next reprice date for the notes is 2000. At December 31, 1998, the rates ranged from 5.63 percent to 5.81 percent, maturing October 23 and December 11, 2007.	$5,347
Term notes originated December 3 and December 17, 1987, bearing interest payable at calendar quarters with a variable rate which is repriced every three years based on the yield on United States Treasury notes. The next reprice date for the notes is 2000. At December 31, 1998, the rates ranged from 5.67 percent to 5.74 percent, maturing December 3 and December 17, 2007.	$1,025
Total	$6,372

On August 24, 1996, NBC issued $150 million in regular floating-rate bank notes which were due August 24, 1998. Interest was payable monthly on the 24/th/ day of each month. The interest rate for each interest period was reset monthly based on the one-month LIBOR rate plus a spread of .09 percent. The rates ranged from 5.06 percent to 6.03 percent during the year. The notes were paid off in full at the maturity date.

At December 31, 1998, the Company had available $7 million in unsecured lines of credit with other financial institutions consisting of a $5 million line of credit which is contractual

in nature and requires no compensating balances or fees and expires May 31, 1999, and a $2 million line of credit which expires June 30, 1999. There were no borrowings against these lines during 1998.

Note L. Floating Rate Capital Trust Pass-through Securities

On March 20, 1997, National Commerce Trust I (the "Trust"), a Delaware business trust wholly owned by the Company, completed its sale of $50 million of Floating Rate Capital Trust Pass-through Securities (the "Capital Securities") which bear interest at a variable annual rate equal to LIBOR plus 0.98 percent (6.05 percent and 6.79 percent at December 31, 1998 and 1997, respectively).

The Trust used the net proceeds from the sale of the Capital Securities to purchase a like amount of Floating Rate Junior Subordinated Deferred Interest Debentures due 2027 (the "Subordinated Debt Securities") of the Company. The Subordinated Debt Securities, which also bear interest at a variable annual rate equal to LIBOR plus 0.98 percent, are the sole assets of the Trust and are eliminated, along with the related income statement effects, in the consolidated financial statements. The Company is using the proceeds from the sale of the Subordinated Debt Securities for general corporate purposes.

The Company has fully and unconditionally guaranteed all of the obligations of the Trust. The guarantee covers the distributions and payments on liquidation or redemption of the Capital Securities but only to the extent of funds held by the Trust.

The Subordinated Debt Securities mature and become due and payable, together with any accrued and unpaid interest, if any, on April 1, 2027. The Subordinated Debt Securities are unsecured and are effectively subordinated to all existing and future liabilities of the Company. The Company has the right, at any time, so long as no event of default has occurred, to defer payments of interest on the Subordinated Debt Securities for a period not to exceed 20 consecutive quarters.

The proceeds from the Capital Securities qualify as Tier 1 capital with respect to the Company under the risk-based capital guidelines established by the Federal Reserve.

Note M. Stock Options
The Company's 1994 Stock Plan has reserved 8,200,000 shares of the Company's common stock for use under the Plan for the granting of options and restricted stock to key employees. Options become exercisable in equal parts over the succeeding five years from the date of grant. Unoptioned shares under previous plans were transferred to reserved shares for the 1994 Plan upon its approval. Under the ShareNCBC program of the 1994 Stock Plan, eligible officers may buy shares from the Company's discount brokerage subsidiary to qualify to participate in the program. If the officer holds the qualifying shares and remains employed for two years, such officer receives two options for each share purchased which become fully exercisable at the end of the two-year period. The following amounts reflect the effect of all stock dividends and splits declared through 1998:

<TABLE>
<CAPTION>

	1998		1997	
	Options	Weighted average exercise price	Options	Weighted average exercise price
<S>	<C>	<C>	<C>	<C>
Outstanding January 1	6,188,984	$ 6.525	6,330,208	$2.048
Granted	1,008,146	$16.227	1,621,760	$9.626
Exercised	(1,627,317)	$ 4.839	(1,621,060)	$4.286
Cancelled	(343,828)	$ 9.262	(141,924)	$6.490
Outstanding December 31	5,225,985	$ 8.740	6,188,984	$6.525
Exercisable at year end	3,116,149	$ 6.716	3,745,772	$6.237
Unoptioned shares	1,764,926		2,429,244	
Total shares reserved	6,990,911		8,618,228	
Weighted average fair value of options granted during the year		$ 5.590		$3.175

</TABLE>

Exercise prices for options outstanding as of December 31, 1998, ranged from $2.556 to $25.563. The weighted average remaining contractual life of those options was approximately five years. Exercise prices for options outstanding as of December 31, 1997, ranged from $2.333 to $17.813. The weighted average remaining contractual life of those options is approximately five and one-quarter years.

The Company has elected to follow APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-based Compensation," requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method of that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions for 1998, 1997 and 1996, respectively: risk-free interest rates of 6.0 percent, 6.0 percent and 6.5 percent; dividend yields of 2.0 percent, 2.0 percent and 2.3 percent; volatility factors of the expected market price of the Company's common stock of .35, .35 and .30; and a weighted average expected life of the option of five years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma information for the years ended December 31 is as follows:

<TABLE>
<CAPTION>

In Thousands, Except Per Share Amounts	Year Ended December 31 1998	1997	1996
<S>	<C>	<C>	<C>
Pro forma net income	$82,848	$68,684	$57,255
Pro forma earnings per share:			
Basic	$ .82	$ .70	$ .59
Diluted	$ .81	$ .68	$ .57

</TABLE>

Note N. Debt and Dividend Restrictions

In accordance with federal banking laws, certain restrictions exist regarding the ability of the banking subsidiaries to transfer funds to the Company in the form of cash dividends, loans or advances. The approval of certain regulatory authorities is required to pay dividends in excess of earnings retained in the current year plus retained net earnings for the preceding two years. As of December 31, 1998, $24,317,000 of undistributed earnings of the banking subsidiaries, included in consolidated retained earnings, was available for distribution to the Company as dividends without prior regulatory approval. For the thrift subsidiaries the undistributed earnings are such that any dividend restrictions would not prevent the payment of routine dividends.

Under Federal Reserve regulations, the banking subsidiaries are also limited as to the amount they may loan to affiliates, including the Company, unless such loans are collateralized by specified obligations. At December 31, 1998, the maximum amount available for transfer from the banking subsidiaries to the Company in the form of loans approximated 11 percent of consolidated net assets. There were no loans from the subsidiaries to the Company at December 31, 1998.

Note O. Pensions and Other Post-retirement Benefits

The Company has a defined benefit non-contributory pension plan covering substantially all of its full-time employees who have served continuously for one year. Amounts determined under ERISA are funded annually. Benefits are based on compensation and years of service.

In addition to the defined benefit pension plan, the Company sponsors retirement medical and life insurance plans that provide post-retirement healthcare and life insurance benefits. This plan is contributory and contains other cost-sharing features such as deductibles and coinsurance. The Company's policy to fund the cost of medical benefits to employees varies by age and service at retirement. Employees must retire under the pension plan to be eligible for retiree life insurance benefits. The retiree life insurance benefit was eliminated for retirements after December 31, 1996.

The following tables set forth the plan's status and amounts recognized in the Company's consolidated financial statements:

<TABLE>
<CAPTION>

(In Thousands)	Pension Benefits 1998	1997	Other Benefits 1998	1997
<S>	<C>	<C>	<C>	<C>
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	$50,211	$ 45,274	$ 2,593	$ 2,778
Service cost	1,663	1,496	20	18
Interest cost	3,515	3,386	169	181
Actuarial losses (gains)	2,142	3,394	(208)	(336)
Benefits paid	(5,841)	(3,339)	(120)	(48)
Assumptions change	1,625	---	133	---
Plan merger	1,604	---	---	---
Benefit obligation at end of year	$54,919	$ 50,211	$ 2,587	$ 2,593

CHANGE IN PLAN ASSETS

Fair value of plan assets at beginning of year	59,076	48,243	---	---
Actual gain (loss) on plan assets	(346)	13,548	---	---
Company contributions	4,214	624	---	---
Plan merger	2,011	---	---	---
Benefits paid	(5,841)	(3,339)	---	---
Fair value of plan assets at end of year	59,114	59,076	---	---
Funded status of the plan (underfunded)	4,195	8,865	(2,587)	(2,593)
Unrecognized net losses	12,972	2,225	651	746
Unrecognized transition obligation	(34)	---	283	304
Unrecognized prior service cost	(1,426)	(1,580)	(549)	(592)
Unrecognized net assets	---	(633)	---	---
Prepaid (accrued) benefit cost	$15,707	$ 8,877	$(2,202)	$(2,135)

</TABLE>

<TABLE>
<CAPTION>

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
WEIGHTED AVERAGE ASSUMPTIONS AS OF DECEMBER 31, 1998				
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected return on plan assets	11.00	11.00	n/a	n/a
Rate of compensation increase	3.50	4.50	n/a	n/a

</TABLE>

Components of net periodic benefit cost (income) were as follows:

<TABLE>
<CAPTION>

	Pension Benefits			Other Benefits		
(In Thousands)	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Service cost	$ 1,663	$ 1,496	$ 1,499	$ 20	$ 18	$ 189
Interest cost	3,515	3,386	3,088	169	181	414
Net amortization and deferral	(7,130)	8,302	3,438	(2)	11	211
Actual (gains) losses on plan assets	346	(13,548)	(7,944)	---	---	---
Net periodic benefit cost (income)	$(1,606)	$ (364)	$ 81	$ 187	$ 210	$ 814

</TABLE>

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Notes continued

The weighted average annual assumed rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) is 6.75 percent and 7.25 percent for 1998 and 1997, respectively. It is assumed to decrease gradually to 5.5 percent for 2005 and remain at that level thereafter. The assumed health care cost trend rate has a significant effect on the amounts reported. A 1 percentage point change in the assumed health care cost trend rate would have the following effects:

<TABLE>
<CAPTION>

In thousands	1 Percentage Point Increase	1 Percentage Point Decrease

Effect on total of service and interest cost components in 1998	$ 177	$ (137)
Effect on post-retirement benefit obligation as of 1998	$2,318	$(1,838)

The Company also provides healthcare and various other benefits primarily to its full-time employees through its Flex*Ability plan. This plan allows employees to choose the coverages they desire. The costs of these benefits are shared between the Company and the employee. This is accomplished by giving flex credits to participating employees to help reduce their costs.

Taxable Income Reduction Account (TIRA) Plan participants can elect to defer a percentage of their annual earnings, subject to the maximum amount allowed of $10,000. The Company matches participants' basic contributions up to a specified percentage of basic contributions. The TIRA Plan and the Retirement Plan net assets include equity securities of the Company.

Note P - Other Non-interest Expenses

Components of other non-interest expense which exceed 1 percent of total revenues for the three years ended December 31, 1998, were as follows:

In Thousands	1998	1997	1996
Non-interest expense			
Broker/dealer commissions	$6,879	$2,818	$3,446
Sales promotion expense	$2,495	$4,607	$5,900

Note Q. Segment Information

In June 1997 the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which established standards for the reporting of financial information from operating segments in annual and interim financial statements. The Statement requires that financial information be reported on the same basis that is reported internally for evaluating segment performance and allocating resources to segments. Because SFAS No. 131 addresses how supplemental financial information is disclosed in annual and interim reports, its adoption in 1998 had no impact on the financial condition or operating results of the Company.

National Commerce Bancorporation operates several major lines of business. The commercial banking segment includes lending and related financial services to large and medium sized corporations. Included among these are several specialty services such as real estate finance, asset based lending and residential construction.

The retail banking segment includes sales and distribution of financial products and services to individuals. These include loan products such as residential mortgages, home equity lending, automobile and other personal financing needs. Retail banking also offers various deposit products that are designed for customers'saving and transaction needs.

The treasury segment is comprised of balance sheet management activities including oversight of the investment portfolio, non-deposit based funding and interest rate risk management. The other financial services segment includes trust, asset management, insurance and brokerage activities. Other financial services also includes income from transaction processing, in-store consulting/licensing and specialty leasing.

The accounting policies of the individual segments are the same as those of the Company described in Note A. Transactions between business segments are conducted at fair value and are eliminated for reporting consolidated financial position and results of operations.

Each segment's balance sheet is adjusted to reflect its net funding position. Assets are increased if excess funds are provided; liabilities are increased if funds are needed to support assets. Each segment's net interest income is affected by the internal transfer rate assigned to its net funding position. Interest income for tax-exempt loans and securities is adjusted to a taxable equivalent basis.

Expenses for centrally provided services such as deposit servicing, data processing, technology and loan servicing and underwriting are allocated to each segment based upon various statistical information. Other indirect costs, such as management overhead and corporate support, are also allocated to each segment based upon various statistical information. The portion of the provision for loan losses that is not related to specific net charge-offs is allocated to the segment based upon loan growth. There are no significant intersegment revenues.

Performance is assessed primarily on net interest margin by the chief operating decision makers.

The following tables present condensed income statements and average assets for each reportable segment:

YEAR ENDED DECEMBER 31, 1998

In Thousands	Commercial Banking	Retail Banking	Treasury	Other Financial Services	Total
Net interest margin	$ 48,946	$ 112,491	$ 24,167	$ 13,251	$ 198,855
Provision for loan losses	(1,010)	(8,397)	0	(192)	(9,599)
Net interest income after provision	47,936	104,094	24,167	13,059	189,256
Non-interest income	2,732	15,523	12,641	53,975	84,871
Non-interest expense	(12,329)	(73,784)	(11,442)	(42,749)	(140,304)
Net income before taxes	38,339	45,833	25,366	24,285	133,823
Income taxes	(13,947)	(16,673)	(9,227)	(8,835)	(48,682)
Net income	$ 24,392	$ 29,160	$ 16,139	$ 15,450	$ 85,141
Average assets	$877,400	$2,257,048	$1,688,154	$291,524	$5,114,126

YEAR ENDED DECEMBER 31, 1997

In Thousands	Commercial Banking	Retail Banking	Treasury	Other Financial Services	Total
Net interest margin	$ 40,128	$ 99,521	$ 20,424	$ 7,408	$ 167,481
Provision for loan losses	(4,751)	(11,988)	0	(274)	(17,013)
Net interest income after provision	35,377	87,533	20,424	7,134	150,468
Non-interest income	2,661	19,416	11,037	49,291	82,405
Non-interest expense	(10,244)	(63,378)	(14,436)	(35,402)	(123,460)
Net income before taxes	27,794	43,571	17,025	21,023	109,413
Income taxes	(10,068)	(15,782)	(6,167)	(7,616)	(39,633)
Net income	$ 17,726	$ 27,789	$ 10,858	$ 13,407	$ 69,780
Average assets	$739,836	$1,958,365	$1,488,546	$218,105	$4,404,852

YEAR ENDED DECEMBER 31, 1996

In Thousands	Commercial Banking	Retail Banking	Treasury	Other Financial Services	Total
Net interest margin	$ 33,589	$ 93,993	$ 10,342	$ 2,662	$ 140,586
Provision for loan losses	(1,096)	(12,804)	0	(234)	(14,134)
Net interest income after provision	32,493	81,189	10,342	2,428	126,452
Non-interest income	2,294	12,703	8,667	45,971	69,635
Non-interest expense	(11,881)	(59,902)	(4,293)	(27,799)	(103,875)
Net income before taxes	22,906	33,990	14,716	20,600	92,212
Income taxes	(8,620)	(12,790)	(5,538)	(7,751)	(34,699)
Net income	$ 14,286	$ 21,200	$ 9,178	$ 12,849	$ 57,513
Average assets	$610,316	$1,677,811	$1,373,502	$150,485	$3,812,114

Note R. Income Taxes
The Company accounts for income taxes using the liability method required by SFAS No. 109, "Accounting for Income Taxes."

The components of the provision for income taxes for the three years ended December 31 were:

In Thousands	1998	1997	1996
Federal:			
Current	$42,588	$36,077	$28,116
Deferred (credits)	(1,384)	(2,363)	(1,079)
	41,204	33,714	27,037
State	1,241	1,259	2,542
Income taxes	$42,445	$34,973	$29,579

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Notes continued

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred tax assets and liabilities are summarized as follows:

	December 31	
In Thousands	1998	1997
Deferred tax assets:		
Provision for loan losses over charge-offs	$18,912	$16,669
Other	711	1,741
Total deferred tax assets	19,623	18,410
Deferred tax liabilities:		
Net unrealized gains on available-for-sale securities	881	1,439
Pension costs	2,261	2,036
SFAS No. 91 net deferred costs	3,368	3,299
Other	2,211	2,676
Total deferred tax liabilities	8,721	9,450
Net deferred tax assets	$10,90	$ 8,960

Income taxes varied from the amount computed at the statutory federal income tax rate as follows:

	1998		1997		1996	
In Thousands	Amount	%	Amount	%	Amount	%
Federal income tax at statutory rate	$44,655	35.00%	$36,665	35.00%	$30,482	35.00%
Add (deduct):						
State income taxes, net of federal						

tax benefits	807	.63	820	.78	1,652	1.90
Non-taxable interest income	(2,660)	(2.08)	(2,480)	(2.37)	(2,677)	(3.07)
Other items, net	(357)	(.28)	(32)	(.02)	122	.13
Income taxes	$42,445	33.27%	$34,973	33.39%	$29,579	33.96%

</TABLE>

Income taxes (credits) applicable to securities gains (losses) for 1998, 1997 and 1996 which are included in the provision for income taxes were $76,000, ($30,800) and $1,000, respectively.

Note S. Commitments and Contingent Liabilities
For purposes other than trading, the Company and its subsidiaries have various commitments and contingent liabilities, such as commitments to extend credit, letters of credit, guarantees and liability for assets held in trust, which arise in the normal course of business. Loan commitments are made to accommodate the financial needs of the Company's customers. Standby letters of credit commit the Company to make payments on behalf of customers when certain specified future events occur. Commercial letters of credit are issued to facilitate the purchase of foreign and domestic merchandise.

Both types of letters of credit have credit risk essentially the same as that involved in extending loans to customers and are subject to the bank's normal credit policies. Collateral primarily consists of securities, cash, receivables, inventory and equipment. It is obtained based on management's credit assessment of the customer. Management does not anticipate any significant losses as a result of these transactions.

The Company's maximum exposure to credit loss at December 31 was as follows:

<TABLE>
<CAPTION>

In Thousands	1998	1997
<S>	<C>	<C>
Loan commitments	$925,631	$669,307
Standby letters of credit	43,665	39,465
Commercial letters of credit	2,286	2,064

</TABLE>

Interest rate agreements are designed to provide an exchange of interest payments computed on notional amounts that will offset all or part of any undesirable change in cash flows resulting from market rate changes on designated (hedged) transactions. The Company limits the credit risks of the interest rate agreements by initiating the transactions with counterparties with significant financial positions.

The Company's agreements modify the interest characteristics of its outstanding debt from a fixed- to a floating-rate basis. These agreements involve the receipt of fixed-rate amounts in exchange for floating-rate interest payments over the life of the agreement without an exchange of the underlying principal amount. The differential to be paid or received is accrued as interest rates change and recognized as an adjustment to interest expense related to the debt. The related amount payable to or receivable from counterparties is included in other liabilities or assets. The fair values of the swap agreements are not recognized in the financial statements. At December 31, 1998 and 1997, the notional amounts of interest rate agreements were $110 million and $60 million, respectively.

The Company's broker-dealer subsidiary, for trading purposes, enters into transactions involving financial instruments with off-balance-sheet risk in order to meet the financing and hedging needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include forward contracts, when issued contracts and options written. All such contracts are for United States Treasury, federal agency or municipal securities. These financial instruments involve varying degrees of credit and market risk. The contract amounts of those instruments reflect the extent of involvement in particular classes of financial instruments. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movements in securities' market values and interest rates. The extent of the Company's involvement in financial instruments with off-balance-sheet risk as of December 31 was as follows:

<TABLE>
<CAPTION>

In Thousands	1998	1997
<S>	<C>	<C>

Forward contracts:

Commitments to purchase	$280,840	$ 93,475
Commitments to sell	$282,280	$170,549

When issued contracts:

Commitments to purchase	$ 1,500	$ 7,799
Commitments to sell	---	$ 5,819

Option contracts:

Written option contracts	$ 8,000	$ 5,500
Purchased option contracts	$ 8,000	$ 5,500

</TABLE>

The Company and its subsidiaries are involved in certain legal actions and claims arising in the ordinary course of business. Although the ultimate outcome cannot be ascertained at this time, it is the opinion of management (based on advice of legal counsel) that all litigation and claims should be resolved without material effect on the Company's financial position or results of operations.

Note T. Regulatory Matters

The Company is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's financial statements.

Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company's assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Company to maintain minimum amounts and ratios of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to total assets (as defined) of 8 percent, 4 percent and 4 percent, respectively. Management believes, as of December 31, 1998, that the Company exceeds all capital adequacy requirements to which it is subject.

As of December 31, 1998, the most recent regulatory notification categorized the Company and its banking subsidiaries as well capitalized. Well-capitalized institutions are required to maintain a total capital to risk-weighted assets ratio of at least 10 percent, a Tier 1 capital to risk-weighted assets ratio of at least 6 percent and a Tier 1 capital to total assets (leverage ratio) of at least 5 percent. There are no conditions or events since that notification that management believes have changed the institution's category.

The Company and NBC's actual capital amounts and ratios are presented in the following table:

<TABLE>
<CAPTION>

	The Company Actual		NBC Actual	
In Thousands	Amount	Ratio	Amount	Ratio
<S>	<C>	<C>	<C>	<C>
As of December 31, 1998				
Total capital (to risk-weighted assets)	$495,992	13.04%	$292,263	11.84%
Tier 1 capital (to risk-weighted assets)	$448,443	11.79%	$262,987	10.65%
Tier 1 capital (to total assets)	$448,443	8.03%	$262,987	6.71%
As of December 31, 1997				
Total capital (to risk-weighted assets)	$429,936	13.86%	$265,883	12.43%
Tier 1 capital (to risk-weighted assets)	$391,112	12.61%	$239,114	11.18%
Tier 1 capital (to total assets)	$391,112	8.69%	$239,114	7.50%

</TABLE>

Note U. National Commerce Bancorporation Financial Information (Parent Company Only)

<TABLE>
<CAPTION>

BALANCE SHEETS

In Thousands	December 31 1998	1997
ASSETS		
Cash*	$ 4,125	$ 3,036
Securities available for sale	25,626	29,414
Investments in :		
Bank subsidiaries*	404,875	354,678
Non-bank subsidiaries*	5,356	4,580
Other	22,045	16,343
Total assets	$462,027	$408,051
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	$ 3,582	$ 6,028
Debenture payable	49,896	49,875
Stockholders' equity	408,549	352,148
Total liabilities and stockholders' equity	$462,027	$408,051

</TABLE>
*Eliminated in consolidation.

<TABLE>
<CAPTION>

STATEMENTS OF INCOME

In Thousands	Year Ended December 31 1998	1997	1996
Income:			
Dividends from bank and thrift subsidiaries*	$67,402	$30,331	$ 47,045
Dividends from non-bank subsidiaries*	1,000	---	5,500
Interest and other income from bank subsidiaries	19	1,412	50
Other	2,909	311	(250)
	71,330	32,054	52,345
Expenses:			
Salaries and employee benefits	52	47	63
Interest on debenture	3,362	2,626	---
Other	4,050	1,176	(567)
	7,464	3,849	(504)
Income before income taxes (credits) and equity in undistributed earnings of subsidiaries	63,866	28,205	52,849
Income taxes (credits)	(1,379)	(706)	116
	65,245	28,911	52,733
Equity in undistributed net income of:			

Bank and thrift subsidiaries	18,865	29,290	(1,457)
Non-bank subsidiaries	1,031	11,579	6,237
Net income	$85,141	$69,780	$ 57,513

</TABLE>

*Eliminated in consolidation.

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Notes continued

<TABLE>
<CAPTION>

STATEMENTS OF CASH FLOWS

In Thousands	Year Ended December 31 1998	1997	1996
<S>	<C>	<C>	<C>
Operating activities:			
Net income	$ 85,141	$ 69,780	$ 57,513
Adjustments to reconcile net income to net cash provided by operating activities:			
Undistributed earnings of subsidiaries	(19,896)	(18,645)	(4,780)
(Increase) decrease in other assets	2,270	(9,313)	1,438
Increase (decrease) in liabilities	(2,446)	10,607	(810)
Realized securities losses	1,845	---	---
Net cash provided by operating activities	66,914	52,429	53,361
Investing activities:			
Investment in subsidiaries	(4,600)	(32,766)	(9,298)
Proceeds from sale of available-for-sale securities	1,842	(29,617)	---
Net cash used in investing activities	(2,758)	(62,383)	(9,298)
Financing activities:			
Proceeds from debenture	---	49,875	---
Cash used to repurchase/retire stock	(33,936)	(18,129)	(30,581)
Proceeds from exercise of stock options	2,401	3,516	3,829
Cash dividends paid	(31,532)	(22,529)	(19,367)
Other	---	52	---
Net cash provided by (used in) financing activities	(63,067)	12,785	(46,119)
Increase (decrease) in cash	1,089	2,831	(2,056)
Cash at beginning of year	3,036	205	2,261
Cash at end of year	$ 4,125	$ 3,036	$ 205

</TABLE>

Note V - Quarterly Results of Operations (Unaudited)

<TABLE>
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In Thousands, Except Per Share Amounts	Quarter First	Second	Third	Fourth
<S>	<C>	<C>	<C>	<C>
1998:				
Interest income	$ 88,227	$ 94,587	$ 97,393	$103,380
Interest expense	43,956	46,934	47,970	52,109
Net interest income	44,271	47,653	49,423	51,271

Provision for loan losses	867	2,630	2,962	3,140
Other income	21,004	20,904	21,280	21,486
Securities gains	2	43	113	39
Other expenses	34,141	34,848	35,691	35,624
Income before income taxes	30,269	31,122	32,163	34,032
Income taxes	10,254	10,643	10,299	11,249
Net income	$ 20,015	$ 20,479	$ 21,864	$ 22,783
Net income per common share:				
Basic	$0.20	$0.20	$0.22	$ 0.23
Diluted	$0.19	$0.20	$0.21	$ 0.22
1997:				
Interest income	$ 79,337	$ 83,519	$ 87,138	$ 86,999
Interest expense	41,434	43,656	45,115	43,967
Net interest income	37,903	39,863	42,023	43,032
Provision for loan losses	3,454	3,551	4,280	5,728
Other income	17,596	18,820	20,010	26,059
Securities gains (losses)	(1)	30	2	(111)
Other expenses	29,000	30,468	30,535	33,457
Income before income taxes	23,044	24,694	27,220	29,795
Income taxes	7,929	8,585	9,175	9,284
Net income	$ 15,115	$ 16,109	$ 18,045	$ 20,511
Net income per common share:				
Basic	$0.16	$0.16	$0.18	$ 0.21
Diluted	$0.15	$0.16	$0.18	$ 0.20

</TABLE>

NATIONAL COMMERCE BANCORPORATION AND SUBSIDIARIES

Notes continued

Note W. Earnings Per Share
The following table sets forth the computation of basic and diluted earnings per share:

<TABLE>
<CAPTION>

	Year Ended December 31		
In Thousands, Except Per Share Amounts	1998	1997	1996
<S>	<C>	<C>	<C>
NUMERATOR:			
Net income	$ 85,141	$ 69,780	$ 57,513
DENOMINATOR:			
Denominator for basic earnings per share -- weighted average shares	100,551	97,997	98,188
Effect of dilutive securities:			
Employee stock options	2,333	3,372	2,448
Leveraged ESOP shares	---	---	(440)

Dilutive potential common shares	2,333	3,372	2,008
Denominator for diluted earnings per share -- adjusted weighted-average shares and assumed conversions	102,884	101,369	100,196
Basic earnings per share	$ 0.85	$ 0.71	$ 0.59
Diluted earnings per share	$ 0.83	$ 0.69	$ 0.57

</TABLE>

EXHIBIT 21. Parent and Subsidiaries
National Commerce Bancorporation and Subsidiaries

The following table shows the subsidiaries of NCBC, their jurisdiction of organization, and the percentage of voting securities owned by each subsidiary's parent as of December 31, 1998.

<TABLE>
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Name of Subsidiary	Jurisdiction of Organization	Parent	of Voting Securities Owned by Parent
<S>	<C>	<C>	<C>
National Bank of Commerce	United States	NCBC	100.00%
Commerce General Corporation	Tennessee	NBC	100.00
NBC Capital Markets Group, Inc.	Tennessee	NBC	80.00
Nashville Bank of Commerce	Tennessee	NCBC	100.00
NBC Bank, FSB (Knoxville)	Tennessee	NCBC	100.00
Commerce Capital Management, Inc.	Tennessee	NCBC	100.00
Monroe Properties, Inc.	Tennessee	NCBC	100.00
National Commerce Bank Services, Inc.	Tennessee	NBC	100.00
Commerce Finance Company	Tennessee	NBC	100.00
NBC Bank, FSB (Belzoni)	Mississippi	NCBC	100.00
TransPlatinum Service Corp.	Tennessee	NCBC	100.00
Kenesaw Leasing, Inc.	Tennessee	Knoxville	100.00
J&S Leasing, Inc.	Tennessee	Knoxville	100.00
National Commerce Capital Trust I	Delaware	NCBC	100.00

</TABLE>

All of the above subsidiaries are included in the consolidated financial statements contained in the report.

EXHIBIT 23. Consent of Independent Auditors
National Commerce Bancorporation and Subsidiaries

We consent to the incorporation by reference in this Annual Report (Form 10-K) of National Commerce Bancorporation of our report dated February 19, 1999, included in the 1998 Annual Report to Shareholders of National Commerce Bancorporation.

We also consent to the incorporation by reference in the Registration Statements pertaining to the National Commerce Bancorporation 1990 and 1994 Stock Plans (Form S-8 No. 33-38552 and Form S-8 No. 33-88440), pertaining to the National Bank of Commerce Taxable Income Reduction Account Plan (Form S-8 No. 33-23100) in the Registration Statement (Form S-3 No. 333-53587) and the related prospectus of National Commerce Bancorporation for the registration of 278,791 shares of its common stock and in the Registration Statement (Form S-3 No. 333-60953) and the related prospectus of National Commerce Bancorporation for the registration of 534,531 shares of its common stock, of our report dated February 19, 1999, with respect to the consolidated financial statements of National Commerce Bancorporation and subsidiaries incorporated herein by reference in this Annual Report (Form 10-K) for the year ended December 31, 1998.

/s/ Ernst & Young LLP

Memphis, Tennessee
March 23, 1999

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<LOAN-LOSSES>	9,599	17,013	14,134	9,750
<SECURITIES-GAINS>	197	(80)	3	228
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