

PUBLIC DISCLOSURE

October 15, 2007

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**BankEast
Knoxville, Tennessee**

RSSD ID Number: 230535

SEN: 671275

**FEDERAL RESERVE BANK OF ATLANTA
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to the institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Several factors support BankEast's satisfactory Community Reinvestment Act (CRA) rating. The bank's average loan-to-deposit (LTD) ratio for the past nine quarters ending December 31, 2006 is **REASONABLE** given the institution's size, financial condition, and competition within the assessment area. A **MAJORITY** of the bank's loans and other lending-related activities are located **IN** the assessment area. Lending to borrowers of different income levels and businesses of different revenue sizes reflects **REASONABLE** penetration. The overall geographic distribution of loans reflects **REASONABLE** dispersion throughout the assessment area. The bank has received no CRA related complaints. In addition, the bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations.

DESCRIPTION OF INSTITUTION

DESCRIPTION OF INSTITUTION

BankEast is a small community bank headquartered in Knoxville, Tennessee. The bank is a wholly owned subsidiary of BankEast Corp., Knoxville, Tennessee, a one bank holding company. The bank's assessment areas include the following: contiguous portions of the Knoxville MSA, including Blount, Knox, and portions of Anderson and Loudon Counties; Sevier County; and Jackson County. These counties are contiguous, with the exception of Jackson County (Gainesboro). BankEast operates 10 banking offices and 10 ATMs overall. The Knoxville assessment area was reviewed using full-scope procedures for the purposes of this evaluation because a substantial majority of the bank's lending activities occur in this area. Activities in Sevier and Jackson counties are consistent with the institution's performance in its Knoxville assessment area (please refer to Appendix B for demographic and lending data for these counties).

According to the Consolidated Reports of Conditions and Income (Call Report), between December 31, 2005 and June 30, 2007 the bank's total loans increased by 61.5 percent from \$135.7 million to \$219.2 million and total deposits increased by 57.7 percent from \$176 million to \$277.5 million. This growth is primarily attributable to expansion in the Knoxville area.

BankEast is a full-service bank that offers a wide variety of credit products to meet community credit needs. Credit products offered by the bank include residential and commercial real estate loans, home improvement loans, small business and small farm loans, consumer loans, and commercial loans.

The composition of the loan portfolio according to the June 30, 2007 Call Report is displayed in the following table:

COMPOSITION OF LOAN PORTFOLIO						
Loan Type	6/30/2007		12/31/2006		12/31/2005	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	74,854	34.2%	71,088	36.1%	44,899	33.1%
Secured by One- to Four- Family Dwellings	37,352	17.0%	30,368	15.4%	23,603	17.4%
Other Real Estate:						
Farmland	808	0.4%	819	0.4%	1,080	0.8%
Multifamily	8,562	3.9%	5,685	2.9%	6,279	4.6%
Nonfarm nonresidential	37,853	17.3%	37,947	19.3%	31,011	22.9%
Commercial and Industrial	52,882	24.1%	44,442	22.6%	25,488	18.8%
Loans to Individuals	6,875	3.1%	6,442	3.3%	3,243	2.4%
Agricultural Loans	0	0.0%	38	0.0%	58	0.0%
Total	\$219,186	100.00%	\$196,829	100.00%	\$135,661	100.00%

* This table does not include the entire loan portfolio. Specifically, it excludes loans to depository institutions, bankers acceptances, lease financing receivables, obligations of state and political subdivisions, and other loans that do not meet any other category. Contra assets are also not included in this table.

DESCRIPTION OF INSTITUTION (Continued)

As illustrated in the table, the bank's loan portfolio primarily consists of construction and development loans, commercial and industrial loans, nonfarm nonresidential loans, and loans secured by one-to four family dwellings. Given the bank's emphasis on commercial lending, more weight was given to this area in assessing the bank's CRA performance than on HMDA lending.

BankEast complies with the requirements of the CRA. No known legal impediments exist that would restrain the bank from meeting the credit needs of its assessment area. The bank received a "Satisfactory" rating at its previous evaluation conducted by the Federal Deposit Insurance Corporation dated July 28, 2003.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA: INSTITUTION

SCOPE OF EXAMINATION

BankEast Bank’s CRA performance review was based on CRA activities within its assessment area using the small bank examination procedures. The evaluation included an analysis of HMDA and commercial loans originated from January 1, 2005, through December 31, 2006. Greater consideration was given to commercial lending performance in this analysis because the bank’s commercial lending volume was greater than HMDA lending by both loan number and dollar amount originated.

Loan-to-Deposit Ratio

BankEast’s average loan-to-deposit (LTD) ratio for the eight-quarter period ended December 31, 2006, was 71.7 percent and is considered **REASONABLE** given the institution’s size, financial condition, and assessment area credit needs. The bank’s LTD ratio ranged from a high of 78.5 percent as of December 31, 2006, to a low of 62.9 percent as of June 30, 2005. The bank’s average LTD ratio was compared with the LTD ratio of seven other financial institutions that were of similar asset size with branch offices in the bank’s assessment area. The LTD ratio was comparable to these seven similarly situated financial institutions.

Assessment Area Concentration

An analysis of the bank’s record of lending inside its assessment area was conducted. The review consisted of an analysis of 147 small business loans and 168 HMDA loans originated by the bank from January 1, 2005 through December 31, 2006. The following table shows the levels of lending inside and outside the assessment area for each loan type.

Lending Inside and Outside the Assessment Area

Loan Type	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	19	86.4	\$1,956	96.9	3	13.6	\$63	3.1
Home Purchase - Conventional	72	86.7	\$7,273	86.7	11	13.3	\$1,116	13.3
Multi-Family Housing	8	88.9	\$4,579	43.3	1	11.1	\$6,000	56.7
Refinancing	47	87.0	\$4,855	94.5	7	13.0	\$280	5.5
Total HMDA related	146	86.9	\$18,663	71.4	22	13.1	\$7,459	28.6
Commercial	121	82.3	\$29,859	89.2	26	17.7	\$3,607	10.8
Total Commercial related	121	82.3	\$29,859	89.2	26	17.7	\$3,607	10.8
TOTAL LOANS	267	84.8	\$48,522	81.4	48	15.2	\$11,066	18.6

Note: Affiliate loans not included

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA: INSTITUTION (Continued)
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A **MAJORITY** of BankEast's HMDA and small business loans are **IN** the bank's assessment area. As illustrated in the table above, 84.8 percent by number and 81.4 percent by dollar amount were extended to borrowers and businesses inside the bank's assessment area. The bank originated 82.3 percent of its commercial loans to businesses in the assessment area. The bank originated 86.9 percent of its HMDA loans to borrowers within its assessment area.

Complaints

The bank has not received any CRA-related complaints since the bank's previous CRA evaluation.

Compliance with Antidiscrimination Laws

The bank is in compliance with the substantive provisions of the antidiscrimination laws and regulations. No evidence of discrimination or the use of illegal credit practices was identified during the review of bank policies and procedures. No practices have the intent or the effect of discouraging applicants for credit.

DESCRIPTION OF ASSESSMENT AREA: KNOXVILLE
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Overview

BankEast operates 7 banking offices and 7 ATMs throughout the Knoxville Assessment Area, which includes Knox, Blount, and portions of Loudon and Anderson Counties. The branch offices are distributed as follows: one is in a low-income census tract, one is in a moderate-income census tract, four are in middle-income census tracts, and one is in an upper-income census tract. The bank opened three branches during the review period. It should also be noted that the bank entered the Knoxville market in 2004 and is still establishing its presence there.

Housing Characteristics

The majority of housing units in the Knoxville assessment area were owner-occupied at 64.3 percent. The 2000 census data indicates that the median value of housing units in the Knoxville assessment area was \$93,204, which was above the median housing value for the state at \$88,300. The median age of housing in the assessment area was 26 years compared to the state of Tennessee at 25 years.

Income Characteristics

At the time of the 2000 census, there were 169,464 families in the assessment area. Of total families in the assessment area, 20.0 percent were low-income, 18.0 percent were moderate-income, 21.9 percent were middle-income, and 40.0 percent were upper-income. Of total families in the assessment area, 14,488 families (8.6 percent) had incomes below the poverty level. According to HUD, the state nonmetropolitan median family incomes for Tennessee in 2005 and 2006 were \$42,750 and \$43,500, respectively. The median family incomes for the Knoxville MSA for the same time period were \$53,750 and \$54,800, respectively.

Employment Statistics

The 2005 data from REIS shows Knoxville's employment is primarily dependent on government and government enterprises, retail trade, and health care and social assistance. According to Moody's Economy.com, the largest employer in Knoxville and in the bank's assessment area is the U.S. Department of Energy Oak Ridge Operations with approximately 11,802 employees, followed by the University of Tennessee-Knoxville with 7,997 employees and Covenant Health with 6,997 employees. The 2005 annualized unemployment rate for the Knoxville MSA was 4.4 percent compared to the state of Tennessee at 5.6 percent. In 2006, the MSA's unemployment was 4.1 percent compared to the state's at 5.2 percent.

DESCRIPTION OF ASSESSMENT AREA: KNOXVILLE (Continued)
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Competition

According to the June 30, 2006 FDIC/OTS Summary of Deposits Report, the bank's Knoxville assessment area is a highly competitive banking market because of the presence of 28 other banks. BankEast ranked 12th out of 29 financial institutions in Knoxville with a 1.57 percent deposit market share, and operated four branches in the assessment area at that time. First Tennessee Bank ranked 1st in deposit market share and has 34 branches in the assessment area. First Tennessee has the single largest deposit market share of all insured institutions in Knoxville at 21.7 percent. Additionally, there are 16 credit unions with offices in the bank's assessment area. Local competition does not appear to have adversely affected BankEast's ability to serve the credit needs of its assessment area.

Community Contact

As part of the Community Reinvestment Act evaluation, information was obtained from one community contact regarding local economic conditions and community credit needs. The contact stated that unemployment in the city's empowerment zone is high. The empowerment zone has been designated as an area of extreme poverty, and the federal government has allocated \$25.0 million to address economic issues in these areas. There are several neighborhoods that have numerous vacant lots or are blighted.

Partnerships with area banks are needed for more home loans and rehabilitation efforts in the empowerment zone. The contact suggested that financial institutions could offer affordable mortgage products to home buyers. Financial institutions could also become more proactive in making investments to bring in local businesses to help with community development efforts. Financing for some of these activities comes from the city through forgivable loans as part of an empowerment program; however, borrowers must fund 20.0 percent of the cost.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Demographic Data by Census Tracts

The following table provides key demographic information from the 2000 census that was used in analyzing the bank's CRA performance. Certain components of the data in the table are discussed in the evaluation as they apply to particular parts of the analysis.

Assessment Area Demographics

Assessment Area: Knoxville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	15	13.8	7,629	5.3	2,670	35.0	27,484	19.0
Moderate-income	22	20.2	16,112	11.2	2,328	14.4	25,404	17.6
Middle-income	49	45.0	82,974	57.5	5,424	6.5	31,252	21.6
Upper-income	22	20.2	37,657	26.1	1,033	2.7	60,232	41.7
Unknown-income	1	0.9	0	0.0	0	0.0	0	0.0
Total Assessment Area	109	100.0	144,372	100.0	11,455	7.9	144,372	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	18,096	5,061	3.3	28.0	10,587	58.5	2,448	13.5
Moderate-income	34,921	15,616	10.3	44.7	15,359	44.0	3,946	11.3
Middle-income	127,661	89,038	58.7	69.7	28,680	22.5	9,943	7.8
Upper-income	56,628	41,846	27.6	73.9	11,533	20.4	3,249	5.7
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	237,306	151,561	100.0	63.9	66,159	27.9	19,586	8.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	2,053	9.6	1,668	9.0	323	15.2	62	10.5
Moderate-income	3,136	14.7	2,741	14.8	296	13.9	99	16.8
Middle-income	9,631	45.2	8,555	46.0	812	38.2	264	44.7
Upper-income	6,469	30.4	5,609	30.2	695	32.7	165	27.9
Unknown-income	6	0.0	5	0.0	0	0.0	1	0.2
Total Assessment Area	21,295	100.0	18,578	100.0	2,126	100.0	591	100.0
	Percentage of Total Businesses:			87.2		10.0		2.8

Based on 2000 Census Information.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

The following table shows BankEast Bank's lending performance in the Knoxville Assessment Area. Certain components of the data are discussed on the following pages as they apply to particular parts of the analysis.

Loan Distribution Table

Assessment Area: Knoxville

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	7	16.7%	780	15.9%	0	0.0%	0	0.0%
Moderate	13	31.0%	1,321	26.9%	1	2.4%	75	1.5%
Middle	17	40.5%	1,849	37.6%	7	16.7%	540	11.0%
Upper	5	11.9%	964	19.6%	19	45.2%	1,612	32.8%
Unknown	0	0.0%	0	0.0%	15	35.7%	2,687	54.7%
Total	42	100.0%	4,914	100.0%	42	100.0%	4,914	100.0%
	Refinance							
Low	3	15.0%	149	4.2%	0	0.0%	0	0.0%
Moderate	2	10.0%	127	3.6%	1	5.0%	30	0.9%
Middle	10	50.0%	2,197	62.6%	4	20.0%	289	8.2%
Upper	5	25.0%	1,037	29.5%	8	40.0%	836	23.8%
Unknown	0	0.0%	0	0.0%	7	35.0%	2,355	67.1%
Total	20	100.0%	3,510	100.0%	20	100.0%	3,510	100.0%
	Home Improvement							
Low	1	12.5%	1,100	78.0%	0	0.0%	0	0.0%
Moderate	1	12.5%	58	4.1%	1	12.5%	25	1.8%
Middle	5	62.5%	108	7.7%	2	25.0%	178	12.6%
Upper	1	12.5%	145	10.3%	3	37.5%	93	6.6%
Unknown	0	0.0%	0	0.0%	2	25.0%	1,115	79.0%
Total	8	100.0%	1,411	100.0%	8	100.0%	1,411	100.0%
	Multi-Family							
Low	2	25.0%	1,618	35.3%	0	0.0%	0	0.0%
Moderate	3	37.5%	1,743	38.1%	0	0.0%	0	0.0%
Middle	2	25.0%	870	19.0%	0	0.0%	0	0.0%
Upper	1	12.5%	348	7.6%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	8	100.0%	4,579	100.0%
Total	8	100.0%	4,579	100.0%	8	100.0%	4,579	100.0%
	HMDA Totals							
Low	13	16.7%	3,647	25.3%	0	0.0%	0	0.0%
Moderate	19	24.4%	3,249	22.5%	3	3.8%	130	0.9%
Middle	34	43.6%	5,024	34.9%	13	16.7%	1,007	7.0%
Upper	12	15.4%	2,494	17.3%	30	38.5%	2,541	17.6%
Unknown	0	0.0%	0	0.0%	32	41.0%	10,736	74.5%
Total	78	100.0%	14,414	100.0%	78	100.0%	14,414	100.0%
	COMMERCIAL							
	#	%	\$(000s)		%			
	By Tract Income							
Low	11	10.8%	1,834		6.3%			
Moderate	7	6.9%	2,830		9.7%			
Middle	55	53.9%	16,628		56.8%			
Upper	29	28.4%	8,006		27.3%			
Unknown	0	0.0%	0		0.0%			
Total	102	100.0%	29,298		100.0%			
	By Revenue							
\$1 Million or Less	82	80.4%	20,045		68.4%			
Over \$1 Million	20	19.6%	9,252		31.6%			
Not Known	0	0.0%	0		0.0%			
Total	102	100.0%	29,297		100.0%			
	By Loan Size							
\$100,000 or less	50	49.0%	1,865		6.4%			
\$100,001 - \$250,000	20	19.6%	3,421		11.7%			
\$250,001 - \$1 Million	28	27.5%	15,292		52.2%			
Over \$1 Million	2	2.4%	4,238		21.1%			
Total	82	100.0%	20,043		100.0%			

Originations and Purchases

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the bank's overall performance in providing loans to borrowers of different income levels and businesses of different revenue sizes is **REASONABLE**.

For this criterion, emphasis is placed on the bank's lending performance to low- and moderate- income borrowers and to businesses with gross annual revenues of \$1 million or less. To analyze the bank's performance, the distribution of the bank's HMDA lending by borrower income level and commercial lending by business revenue size is compared to available demographic information. Performance context issues, including the bank's business strategy and newness to the area are also considered, as well as the performance of other banks.

HMDA Lending

Based on demographic and loan data from the review period, low-income families represented 19.0 percent of total families in the assessment area, but the bank did not originate any loans to low-income borrowers. The bank's percentage of HMDA loans to moderate-income borrowers at 3.8 percent is substantially less than moderate-income families in the assessment area at 17.6 percent.

Several factors may have contributed to the bank's low level of HMDA lending to low- and moderate- income borrowers. As part of its business strategy, BankEast offers short term mortgages with balloon payments, while Curtis Mortgage, an affiliate of the bank, offers traditional 15 and 30 year mortgages. Customers seeking traditional mortgages at BankEast are referred to Curtis Mortgage. Although the bank had a low level of lending to low- and moderate- income borrowers, BankEast originated eight loans for multifamily properties that provided housing affordable to low- and moderate-income families in the assessment area. Two multifamily loans were located in low-income census tracts and provided 49 affordable housing units. One of these loans was for a property located in an empowerment zone, which is defined as a federal government program that encourages comprehensive planning and investment aimed at the economic, physical and social development of the neediest urban and rural areas in the United States. This program is administered by the Department of Housing and Urban Development (HUD). This loan provided 38 housing units in the Knoxville Tennessee Empowerment Zone. Three multifamily loans were located in moderate-income census tracts and

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

provided 87 affordable housing units. The number of these units was greater in total than the 70 loans originated that were secured by 1-4 family residences.

Additionally, 23 of the 30 loans in the Knoxville MSA for upper-income borrowers were for non-owner occupied housing. 14 of these 23 loans were for properties located in low- and moderate-income areas, and the average loan amount for these 14 loans was \$72,100. It is likely that the upper-income borrowers for these loans rehabilitate the properties and then rent the properties to residents in these low- and moderate- income tracts. Additionally, of the 24 loans where the applicant income was reported as “not applicable,” seven were originated to a business that rehabilitates properties and rents them at rates affordable to low- and moderate-income families. Of these seven properties, five were located in the Knoxville Tennessee Empowerment Zone as defined by HUD.

BankEast competes with 28 other banks in the Knoxville market for mortgage loans. Additionally, there are 16 credit unions in the Knoxville market, and bank personnel indicated that the credit unions are very competitive in originating traditional mortgage loans.

Commercial Lending

Of the 102 commercial loans originated to businesses located within the bank’s assessment area, 80.4 percent were originated to businesses with reported gross annual revenues of \$1million or less. This is less than the percentage of businesses in the assessment area with gross annual revenues of \$1 million or less at 87.2 percent. In addition, the bank originated a majority (68.6 percent) of its commercial loans for amounts of \$250,000 or less. Also, 49.0 percent of the commercial loans were originated in amounts of \$100,000 or less, which indicates a willingness to lend to small businesses.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank’s HMDA and commercial loans reflects **REASONABLE** dispersion throughout the bank’s assessment area.

For this criterion, emphasis is placed on the bank’s lending performance to borrowers that reside in low- and moderate-income tracts or for properties located in low- and moderate-income tracts. To analyze the bank’s performance, the distribution of the bank’s HMDA and commercial lending by tract income level is compared

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA (Continued)

to available demographic information. Performance context issues are also considered, as well as the performance of other banks.

HMDA Loans

The bank's HMDA lending in low-income census tracts at 16.7 percent is substantially greater than the 5.3 percent of families located in low-income tracts. The bank's HMDA lending in moderate-income tracts at 24.4 percent is substantially greater than the 11.2 percent of families living in moderate-income tracts. Owner-occupied housing represented 3.3 percent of housing in low-income tracts and 10.3 percent in moderate-income tracts. The bank also originated five multifamily loans in low- and moderate- income tracts.

Commercial Loans

Of the 102 commercial loans sampled that were originated to businesses in the bank's assessment area, 10.8 percent were extended to businesses in low-income census tracts, which is greater than the percentage of small businesses in these tracts at 9.0 percent. Similarly, 6.9 percent of the bank's commercial loans were extended to businesses in moderate-income tracts, compared to 14.8 percent of small businesses located in these tracts. These numbers indicate the bank's willingness to extend loans to small businesses located in low- and moderate- income census tracts.

APPENDIX A – SCOPE OF THE EXAMINATION

PERIOD REVIEWED

January 1, 2005 – December 31, 2006

FINANCIAL INSTITUTION

BankEast, Knoxville, Tennessee

PRODUCTS REVIEWED

HMDA and Commercial loans

AFFILIATE(S)

Curtis Mortgage

BankEast Corporation

AFFILIATE RELATIONSHIP

Mortgage Company

Bank Holding Company

PRODUCTS REVIEWED

Not Applicable

Not Applicable

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION

<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Knoxville MSA Sevier County Jackson County	Full Scope Limited Scope Limited Scope	Knoxville - Main Branch Bearden Branch	

APPENDIX B

Assessment Area Demographics
 Assessment Area : Jackson

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	810	25.6
Moderate-income	1	25.0	458	14.5	117	25.5	588	18.6
Middle-income	3	75.0	2,707	85.5	362	13.4	833	26.3
Upper-income	0	0.0	0	0.0	0	0.0	934	29.5
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4	100.0	3,165	100.0	479	15.1	3,165	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	816	598	16.6	73.3	135	16.5	83	10.2
Middle-income	4,347	3,010	83.4	69.2	723	16.6	614	14.1
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	5,163	3,608	100.0	69.9	858	16.6	697	13.5
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
			#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	29	10.4	26	10.4	2	18.2	1	6.3
Middle-income	249	89.6	225	89.6	9	81.8	15	93.8
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	278	100.0	251	100.0	11	100.0	16	100.0
Percentage of Total Businesses:			90.3		4.0		5.8	

Based on 2000 Census Information.

APPENDIX B (Continued)

Loan Distribution Table

Assessment Area: Jackson

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	5	20.0%	94	9.4%
Moderate	4	16.0%	67	6.7%	6	24.0%	174	17.4%
Middle	21	84.0%	934	93.3%	8	32.0%	292	29.2%
Upper	0	0.0%	0	0.0%	6	24.0%	441	44.1%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	25	100.0%	1,001	100.0%	25	100.0%	1,001	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	5	18.5%	252	18.7%
Moderate	2	7.4%	89	6.6%	8	29.6%	253	18.8%
Middle	25	92.6%	1,256	93.4%	10	37.0%	363	27.0%
Upper	0	0.0%	0	0.0%	4	14.8%	477	35.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	27	100.0%	1,345	100.0%	27	100.0%	1,345	100.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	1	10.0%	43	8.1%	4	40.0%	128	24.2%
Middle	9	90.0%	487	91.9%	2	20.0%	55	10.4%
Upper	0	0.0%	0	0.0%	4	40.0%	347	65.5%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	10	100.0%	530	100.0%	10	100.0%	530	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	10	16.1%	346	12.0%
Moderate	7	11.3%	199	6.9%	18	29.0%	555	19.3%
Middle	55	88.7%	2,677	93.1%	20	32.3%	710	24.7%
Upper	0	0.0%	0	0.0%	14	22.6%	1,265	44.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	62	100.0%	2,876	100.0%	62	100.0%	2,876	100.0%
	COMMERCIAL							
	#	%	\$(000s)	%				
	By Tract Income							
Low	0	0.0%	0	0.0%				
Moderate	2	20.0%	67	26.2%				
Middle	8	80.0%	187	73.8%				
Upper	0	0.0%	0	0.0%				
Unknown	0	0.0%	0	0.0%				
Total	10	100.0%	254	100.0%				
	By Revenue							
\$1 Million or Less	9	90.0%	215	85.0%				
Over \$1 Million	1	10.0%	38	15.0%				
Not Known	0	0.0%	0	0.0%				
Total	10	100.0%	253	100.0%				
	By Loan Size							
\$100,000 or less	10	100.0%	254	100.0%				
\$100,001 - \$250,000	0	0.0%	0	0.0%				
\$250,001 - \$1 Million	0	0.0%	0	0.0%				
Over \$1 Million	0	0.0%	0	0.0%				
Total	9	100.0%	215	100.0%				

Originations and Purchases

APPENDIX B (Continued)

Assessment Area Demographics

Assessment Area: Sevier

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	3,094	14.8
Moderate-income	0	0.0	0	0.0	0	0.0	3,629	17.3
Middle-income	9	81.8	17,104	81.6	1,502	8.8	5,143	24.5
Upper-income	2	18.2	3,848	18.4	211	5.5	9,086	43.4
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	11	100.0	20,952	100.0	1,713	8.2	20,952	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	0	0	0.0	0.0	0	0.0	0	0.0
Middle-income	32,171	16,996	81.4	52.8	6,668	20.7	8,507	26.4
Upper-income	5,081	3,882	18.6	76.4	921	18.1	278	5.5
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	37,252	20,878	100.0	56.0	7,589	20.4	8,785	23.6
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	0	0.0	0	0.0	0	0.0	0	0.0
Middle-income	3,639	89.9	3,191	89.2	252	95.5	196	94.2
Upper-income	411	10.1	387	10.8	12	4.5	12	5.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	4,050	100.0	3,578	100.0	264	100.0	208	100.0
	Percentage of Total Businesses:			88.3		6.5		5.1

Based on 2000 Census Information.

APPENDIX B (Continued)

Loan Distribution Table

Assessment Area: **Sevier**

Income Categories	HMDA							
	By Tract Income				By Borrower Income			
	#	%	\$(000s)	%	#	%	\$(000s)	%
	Home Purchase							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	60.0%	1,260	92.8%	0	0.0%	0	0.0%
Upper	2	40.0%	98	7.2%	4	80.0%	1,083	79.7%
Unknown	0	0.0%	0	0.0%	1	20.0%	275	20.3%
Total	5	100.0%	1,358	100.0%	5	100.0%	1,358	100.0%
	Refinance							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	Home Improvement							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	1	100.0%	15	100.0%	1	100.0%	15	100.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	1	100.0%	15	100.0%	1	100.0%	15	100.0%
	Multi-Family							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Upper	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unknown	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%
	HMDA Totals							
Low	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Moderate	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Middle	3	50.0%	1,260	91.8%	0	0.0%	0	0.0%
Upper	3	50.0%	113	8.2%	5	83.3%	1,098	80.0%
Unknown	0	0.0%	0	0.0%	1	16.7%	275	20.0%
Total	6	100.0%	1,373	100.0%	6	100.0%	1,373	100.0%
	COMMERCIAL							
	#			%	\$(000s)			%
	By Tract Income							
Low	0			0.0%	0			0.0%
Moderate	0			0.0%	0			0.0%
Middle	3			33.3%	140			45.7%
Upper	6			66.7%	167			54.3%
Unknown	0			0.0%	0			0.0%
Total	9			100.0%	307			100.0%
	By Revenue							
\$1 Million or Less	9			100.0%	306			100.0%
Over \$1 Million	0			0.0%	0			0.0%
Not Known	0			0.0%	0			0.0%
Total	9			100.0%	306			100.0%
	By Loan Size							
\$100,000 or less	9			100.0%	307			100.0%
\$100,001 - \$250,000	0			0.0%	0			0.0%
\$250,001 - \$1 Million	0			0.0%	0			0.0%
Over \$1 Million	0			0.0%	0			0.0%
Total	9			100.0%	306			100.0%

Originations and Purchases

APPENDIX C: GENERAL INFORMATION AND ABBREVIATIONS

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **BankEast** prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of **October 15, 2007**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all, of the institution's branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

ABBREVIATIONS

ATMs -	Automated Teller Machines
CRA -	Community Reinvestment Act
FDIC -	Federal Deposit Insurance Corporation
FHA -	Federal Housing Administration
HMDA -	Home Mortgage Disclosure Act
HUD -	Department of Housing and Urban Development
LTD -	Loan-to-Deposit Ratio
LTV -	Loan-to-Value Ratio
MD -	Metropolitan Division
MSA -	Metropolitan Statistical Area
OMB -	Office of Management and Budget
REIS -	Regional Economic Information Systems
SBA -	Small Business Administration
USDA -	United States Department of Agriculture

ROUNDING CONVENTION

Because percentages presented in tables were rounded to the nearest tenth in most cases, some columns may not total exactly 100 percent.

APPENDIX D: GLOSSARY

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include nonrelatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

APPENDIX D: GLOSSARY (Continued)

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.