

PUBLIC DISCLOSURE

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

July 25, 1996

SunTrust Bank, Northeast Tennessee, National Association
Charter Number 22966
207 Mockingbird Lane
Post Office Box 1677
Johnson City, Tennessee 37605-1677

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

GENERAL INFORMATION

This document is an evaluation of the Community Reinvestment Act (CRA) performance of SunTrust Bank, Northeast Tennessee, National Association, Johnson City, Tennessee prepared by the Office of the Comptroller of the Currency (OCC), the institution's supervisory agency.

The evaluation represents the OCC's current assessment and rating of the institution's CRA performance based on an examination conducted as of July 25, 1996. It does not reflect any CRA-related activities that may have been initiated or discontinued by the institution after the completion of the examination.

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

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

Basis for the Rating

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

ASSIGNMENT OF RATING

Identification of Ratings

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

Outstanding record of meeting community credit needs.

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

Satisfactory record of meeting community credit needs.

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

Needs to improve record of meeting community credit needs.

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

Substantial noncompliance in meeting community credit needs.

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

BANK PROFILE

SunTrust Bank, Northeast Tennessee, National Association (STNT) is a subsidiary of SunTrust Banks, Inc. of Atlanta, Georgia. SunTrust Banks, Inc. is a \$46.5 billion multi-state financial services company operating 652 branches through affiliates in Alabama, Florida, Georgia and Tennessee. SunTrust's primary businesses include traditional deposit and credit services as well as trust services, investments, mortgage banking, corporate finance, credit cards, factoring and discount brokerage.

As of March 31, 1996, STNT had total assets of \$365 million. STNT was previously a state-chartered institution operating under the name of Hamilton Bank of Upper East Tennessee but was converted to a national bank charter on March 1, 1996. As of May 31, 1996, the bank operated 11 offices in northeast Tennessee. The business focus over last year has been on mortgages and consumer lending. STNT has been profitable during the evaluation period and there are no financial or economic conditions that impede the bank's ability to meet the credit needs of its delineated community.

The local banking market is very competitive. There are four regional bank affiliates, three thrifts, and eight independent community banks operating within the bank's delineated community. Four new banks have opened in the area over the last year. Because of these new banks, STNT has had to focus on retaining existing commercial customers rather than losing them to these new banks, several of which were started by former officers of STNT.

COMMUNITY PROFILE

The Johnson City, Tennessee area is located in extreme northeast Tennessee and is ten miles south of Interstate 81. Johnson City is part of the tri-cities area which includes Bristol and Kingsport, Tennessee.

Within the delineated community, total population is 175,750 and contains 43 census tracts. 1990 census tract designations include 1 low-income, 11 moderate-income, 21 middle-income, 9 upper-income and 1 tract with no population. The 1990 Census Metropolitan Statistical Area Median Family income is \$27,236.

The economy in east Tennessee is good and is expected to remain stable in the near future. Primary employers in the area are Eastman Chemical Company, East Tennessee State University, Quebecor Printing and three hospitals. Unemployment in the tri-cities area at year end 1995 was 5.2%, the same as the nation for the period, but exceeded the state's unemployment rate of 5.1%.

DISCUSSION OF INSTITUTION'S PERFORMANCE

Institution's Rating:

Based on the findings presented below, this institution is rated: "Satisfactory Record of Meeting Community Credit Needs". This evaluation period covers January, 1994 through April, 1996.

I. ASCERTAINMENT OF COMMUNITY CREDIT NEEDS

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

STNT has determined the credit needs of the community through established ongoing, meaningful contact with a wide range of groups.

STNT has ascertained credit needs through ongoing and meaningful contact with a wide variety of groups and organizations. Officers and directors are active members in local civic, charitable, and community organizations throughout the delineated community. During 1995, the bank's Officers and Directors were directly involved with various community groups and organizations to ascertain specific community needs. Some of the organizations and groups in which the bank is directly involved include Johnson City Homeless Coalition, Rogersville/Hawkins County Chamber of Commerce, Kingsport Board of Realtors, Hawkins County Community Council and Johnson City Developmental Authority.

Through the bank's ascertainment efforts and contacts with community groups and leaders, the bank has identified small business and affordable housing lending as the primary credit needs. Non-credit needs identified by the bank include low cost checking and no charge check cashing services for persons receiving government checks.

Assessment Factor C - The extent of participation by the institution's board of directors in formulating the institution's policies and reviewing its performance with respect to the purposes of the Community Reinvestment Act.

The bank's Board of Directors and senior management are regularly involved in planning, implementing and monitoring CRA.

The Board exercises its oversight responsibilities through the CRA Management Committee which meets quarterly. The Board has approved a CRA Policy and reviews the annual assessment of the

bank's CRA efforts. Day-to-day CRA responsibilities rest with the bank's full-time CRA Officer who reports to a senior management officer. The CRA Officer monitors and tracks daily CRA activities.

The Board supports CRA training for all personnel to ensure all CRA regulatory requirements are met. CRA training is provided each new employee when hired.

II. MARKETING AND TYPES OF CREDIT OFFERED AND EXTENDED

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

STNT uses a wide range of media to market products and services offered. The bank's advertisements reach all segments of the delineated community.

STNT has implemented a reasonable marketing program that is approved, reviewed, and periodically monitored by Board and management. The bank's marketing program is intended to inform all segments of the community. Advertising used by the bank includes radio, television, area newspapers, roadside billboards, statement stuffers, and brochures. The bank uses these forms of media on an ongoing basis to advertise products and services offered and to enhance name recognition.

STNT's most frequently used marketing mediums include WXBQ [radio], WJHL [television] and the Johnson City Press [newspaper]. Management states that the three media have the largest market share and reach all segments of the delineated community. The bank also periodically advertises in various community and service related journals.

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

The bank's lending levels indicates a good responsiveness in meeting the community's credit needs.

The bank's loan portfolio is comprised of residential purchase, home refinance, home improvement, small business, small farm, and student loans. STNT's lending volume during this evaluation period reflects a good responsiveness to meet the credit needs of the community and is illustrated in the following table:

LOAN TYPE	ORIGINATIONS IN 1994			ORIGINATIONS IN 1995			ORIGINATIONS YTD 1996		
	#	\$ (000)	Percent	#	\$ (000)	Percent	#	\$ (000)	Percent
Home Mortgage	425	30,175	85	388	28,207	90	126	9,462	89
Home Refinance	416	29,636	78	190	9,365	91	120	8,573	84
Home Improvement	259	3,008	88	158	1,494	88	23	201	93
Small Business	1,099	44,716	94	950	42,583	89	284	13,214	90

Note: (1) "Percent" represents the number of loans within the bank's delineated community.
(2) Based on HMDA data and bank supplied information.
(3) Small business loans are defined as loans with originations less than \$1 million and businesses with annual revenues less than \$1 million

In 1995 the bank originated 36 small farm loans totaling \$363 thousand, and for year-to-date 1996, it has originated 19 loans totaling \$371 thousand. The bank's CRA Statement correctly lists the credit products extended. The dollar volume of originations for general housing, small business and farm needs is consistent with its resources.

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

STNT participates in a wide variety of government guaranteed and/or sponsored loan programs. Bank management has shown a strong willingness to help meet community needs through their ongoing participation in governmentally-insured programs.

The bank participates in a wide variety of governmentally sponsored loan programs including the Federal Housing Administration (FHA), Veteran's Administration (VA), Farmer's Home Administration (FmHA), Small Business Administration (SBA), Tennessee Housing Developmental Authority (THDA), and Stafford Student Loan Program.

Loan originations in these programs are illustrated in the following graph:



Loan Type	1994		1995		YTD 1996	
	#	\$(000)	#	\$(000)	#	\$(000)
FHA	26	1,254	46	2,017	3	194
VA	49	2,616	14	852	9	630
FmHA	29	1,397	21	1,011	7	365
Stafford Student Loan	5,093	14,893	5,410	15,489	1,222	2,569
SBA	0	0	2	3,100	1	630
THDA	10	348	12	435	3	111

STNT is responsive to addressing community credit needs through cooperation, participation and partnership with various government and community programs. Government programs used by this institution include:

- o FmHA Loan Program - In the last two years, STNT has been designated an approved Farmers Home Administration (FmHA) lender through their guarantee program. This program makes available residential purchases in the county (predominately Hawkins County) and includes various types of mortgage programs.
- o Stafford Student Loans - The bank has taken a leadership role in originating Stafford Student Loans through the Tennessee Student Assistance Corporation (TSAC) lending program and was Tennessee's fifth largest lender of student loans in 1994 and 1995.
- o Small Business Administration (SBA) Loans - Most of the delineated communities' small business needs are met through traditional small business lending products offered by the bank. However, the bank does participate in the SBA loan program.
- o Tennessee Housing Developmental Authority (THDA) - Through the Johnson City's Community Development Office, the bank offers these loans to first time low- and moderate-income persons purchasing property within the city. Assistance is made available in the form of grants and zero percent loans for fifteen years.
- o Home Mortgage Assistance Program - Through this program, STNT actively solicits viable candidates for Tennessee Housing Department Associations funds that are periodically made available to assist first time low- and moderate-income persons purchasing property within Johnson City with down payment, closing costs and repairs associated with home financing.

III. GEOGRAPHIC DISTRIBUTION AND RECORD OF OPENING AND CLOSING

OFFICES

Reasonableness of delineated community

STNT's delineated community is reasonable. The bank has determined its delineated community as Hawkins and Washington counties and the City of Kingsport [which is part of the Kingsport-Johnson City-Bristol, Tennessee and Virginia Metropolitan Statistical Area]. All bank branches and a majority of loans are within these communities which further support the delineation.

Assessment Factor E - The geographic distribution of the institution's credit extensions, credit applications, and credit denials.

The bank's geographic distribution of Home Mortgage Disclosure Act (HMDA) credit extensions and applications demonstrates a reasonable penetration throughout the delineated community.

The bank's geographic distribution of residential real estate loan [commonly referred to as HMDA loan] originations also reflects a reasonable penetration within low- and moderate-income census tracts. The bank's products and services are made available to all segments of the community. The following tables illustrate the distribution of HMDA originations based on median family income and census tract income.

The first table shows HMDA originations by the income of the borrower. The official Census Bureau definitions for low-, moderate-, middle- and upper-income levels are used. The bank's distribution of loans, by percentage, is compared to the percentage of families in each income category for the delineated community. The table shows a reasonable distribution of HMDA loans to low- and moderate-income borrowers of 30% during 1994 compared to 38% percent of low- and moderate-income families which live in the delineated community.

HMDA Originations by Income Level							
Income Level of Approved Applicants	***	1994		1995		YTD 1996	
		#	%	#	%	#	%
Low- and Moderate-Income	38%	319	30	199	25	49	15
Middle-Income	20%	290	27	196	25	81	24
Upper-Income	42%	468	43	391	50	203	61
Total	100%	1,077	100	786	100	333	100

Note: (1) *** Per the 1990 census, this number represents the percentage of families in each income category for the delineated community.

(2) % equals the percentage in that category of the total number of loans made.

The second table compares the same HMDA information by census tract. This table differs from the first table in that in the initial table, low- and moderate-income borrowers may live in a middle- and/or upper-income census tracts. However in this case, if a census tract is designated low-, moderate-, middle- or upper-income that is how the loans are placed in the table. Accordingly, the number of originations made represents the number of people that reside in the designated census tracts.

The second table also shows reasonable penetration in low- and moderate-income census tracts. The percentage of low- and moderate-income loans is generally similar to the 17% percent of the total families living in low- and moderate-income tracts compared to the total families in all tracts. (Please refer to the Note following the illustration for clarification.)

HMDA Originations by Census Tract							
Census Tract Income Average	***	1994		1995		YTD 1996	
		#	%	#	%	#	%
Low- and Moderate- Income	17%	119	12	96	13	23	11
Middle- Income	63%	578	60	415	58	102	50
Upper- Income	20%	272	28	203	29	80	39
Total	100%	969	100	714	100	205	100

Note: (1) *** Per the 1990 census, this number represents the percentage of people in each income designated tract for the delineated community.
(2) % equals the percentage in that category of the total number of loans made.

Although loan penetration is considered reasonable, both tables show a downward trend in percentage of HMDA loans to low- and moderate-income borrowers and census tracts. Bank management has reviewed these trends. Management noted a reduction in refinancing due to interest rates increases. They also report a significant decrease in low priced new home construction. They state STNT is presently financing construction loans with the three area builders still developing low price houses. Bank management also provided lending statistics which indicated over half of all consumer credit originations made during the evaluation period went to low- and moderate-income borrowers.

Nevertheless, 1994 HMDA data indicates STNT had the largest market share of originations in low- and moderate-income areas among all mortgage lenders in its delineated community. STNT was the market leader in lending to low- and moderate-income borrowers measured by borrower income level (23% of the market originations) or census tract residency (16% of the market originations). Reliable market share data for 1995 and 1996 was not available.

Assessment Factor G - The institution's record of opening and closing offices and providing services at offices.

The bank's offices provide reasonable access to all segments of the delineated community. The bank has tailored its services to meet the needs of the community.

STNT has ten full service and one limited service branch as well as seven 24 hour Automated Teller Machines locations throughout the delineated community. The offices are distributed in the following areas: one in low-income, two in moderate-income, seven in middle-income and one in upper-income. No branch office locations have been closed or opened since the last Public Evaluation.

IV. DISCRIMINATION AND OTHER ILLEGAL CREDIT PRACTICES

Assessment Factor D - Any practices intended to discourage applications for types of credit set forth in the institution's CRA Statement(s).

The bank solicits credit applications from all segments of its local community including low and moderate income areas. No practices intended to discourage applications were noted.

Written policies and procedures have been approved by the Board of Directors to support non-discrimination in lending activities. Management annually reviews the adequacy of these policies and procedures to ensure compliance with these laws and regulations.

Annual fair lending comparative file reviews are conducted by management on real estate mortgage and consumer loans to ensure all applicants receive fair and equal treatment. In the past year, this process used gender as its prohibited basis. The objective of this process is to ensure credit decisions are the same for similarly qualified applicants. Further, bank management reviews a sample of prohibited basis group approved loans to verify that loan rates and terms are similar or not less favorable than those granted to comparable control group applicants.

Bank management also conducts second reviews of denied applications. The objective of this process is to ensure loan policies and underwriting standards are consistently applied and to determine if all relevant factors or credit alternatives are considered before denying a loan request.

Assessment Factor F - Evidence of prohibited discriminatory or other illegal credit practices.

The bank is in substantial compliance with the provisions of antidiscrimination laws and regulations including the Equal Credit Opportunity Act and regulations pertaining to nondiscriminatory treatment of all applicants.

Our agency, in January 1996, performed a centralized review for discrimination which included STNT. As part of our fair lending examination, comparative file testing was conducted on two loan types in the residential real estate loan portfolio. Our testing reviewed home purchase mortgages and home improvement loan applications made between April 1, 1994 and March 31, 1995. The primary objective of this review was to determine if the two loan processes resulted in similar results for similar applicants in both the prohibited basis and control groups.

The gender of the applicant was selected as the basis for testing in these two portfolios. In the home purchase applications, we compared 14 denied female applicants to 41 approved male applicants. In the home improvement loans, we compared 4 denied female applicants to 7 approved male applicants. Based on this analysis, we did not detect any instances of disparate treatment or other illegal discrimination by the bank.

V. COMMUNITY DEVELOPMENT

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

STNT has maintained a reasonable level of participation in development/redevelopment programs.

Management and the Board have established working relationships with numerous government and private sector representatives and organizations. During this evaluation period, the bank has worked closely with the Johnson City/Washington County Area Chamber of Commerce, Rogersville/Hawkins County Chamber of Commerce, Kingsport Chamber of Commerce, Hawkins County Community Council and Johnson City Development Authority.

During the period reviewed, STNT participated in numerous community development and redevelopment projects that are not addressed in other sections of this Evaluation. During this time frame, the bank's total volume of development and redevelopment efforts, were approximately \$2.5 million.

Some examples of the bank's development/redevelopment efforts are as follows:

In 1994, the bank originated a \$534,000 loan to a Johnson City, Tennessee real estate developer. The purpose of the loan was to build 41 affordable rental homes. Thirty of these homes are located in low- and moderate-income areas.

In 1994, STNT originated a \$559,399 loan to a Southwest Johnson City developer to construct 30 single family homes. Many of the families residing there received THDA assistance through STNT.

In 1994, the bank originated a \$524,000 loan to build a twenty-four unit subsidized apartment complex in Rogersville, Tennessee . This benefitted the community by providing affordable rental housing for low- and moderate-income residents.

In 1995, the bank originated a \$70,000 construction loan for expansion of a business in Johnson City. This loan, funded in conjunction with First Tennessee Economic Development Corporation Revolving Loan Fund, created additional jobs within this low- and moderate-income community.

In 1996, the bank originated a \$36,000 loan and a \$40,000 loan to two separate businesses in a low-income census tract in downtown Kingsport. These loans assisted in the areas revitalization through the refurbishing and renovation of abandoned buildings.

During 1994 and 1995, the bank purchased eight issues of tax-exempt municipal securities aggregating \$1,845 million. The purpose of these issues was for community development and infrastructure purposes.

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

STNT has the ability to meet its community credit needs and has participated in community development consistent with its size, financial capacity, location, and current local economic conditions.

Refer to the Introduction section of this Public Disclosure for information on the profiles on the bank and its community.

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

STNT is involved in other meaningful activities that show the bank's commitment in serving the needs of the community.

The bank participates in a variety of other non-credit related efforts to educate the community concerning the availability of credit. These include the following:

Service Corps of Retired Executives (SCORE) - SCORE is a non-profit association providing free business counseling by men and women who have had successful business careers as company executives or owners of their own business. A commercial loan officer recently participated with this organization in a "Successfully Managing Resources" workshop.

STNT offers a wide range of banking services including low monthly maintenance fee checking.

This program permits up to 10 checks per month with a \$.25 charge per check above the maximum. Other low cost services are also available based on small minimum balances and low activity. No maintenance fees are charged for persons 62 and older, religious and charitable organizations.

ADDITIONAL INFORMATION

None.