

PUBLIC DISCLOSURE

April 24, 2023

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SouthEast Bank
Certificate Number: 57348

12700 Kingston Pike
Farragut, Tennessee 37934

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
Dallas Regional Office

600 North Pearl Street, Suite 700
Dallas, Texas 75201

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 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.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated **Needs to Improve**.

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

PERFORMANCE LEVELS	PERFORMANCE TESTS		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory			X
Low Satisfactory		X	
Needs to Improve	X		
Substantial Noncompliance			
* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.			

The Lending Test is rated Needs to Improve.

- Lending levels reflect good responsiveness to assessment area (AA) credit needs.
- Overall, the institution made a very small percentage of loans inside the AAs.
- The geographic distribution of loans reflects adequate penetration throughout the AAs.
- The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels.
- The institution makes limited use of innovative and flexible lending practices in order to serve AA credit needs.
- The bank is a leader in making community development (CD) loans.

The Investment Test is rated Low Satisfactory.

- The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.
- The institution exhibits good responsiveness to credit and CD needs.
- The institution occasionally uses innovative or complex investments to support CD needs.

The Service Test is rated High Satisfactory.

- Delivery systems are reasonably accessible to essentially all portions of the institution's AAs.
- To the extent changes have been made, the institution's opening and closing of branches has not generally adversely affected the accessibility of its delivery systems.
- Services, including where appropriate, business hours, do not vary in a way that inconveniences portions of the AAs, particularly low- or moderate-income (LMI) geographies or individuals.
- The institution provides a good level of CD services.

DESCRIPTION OF INSTITUTION

SouthEast Bank (SEB) is a full-service community bank headquartered in Farragut, Tennessee. SouthEast Bancorp, Inc. wholly owns SEB. Education Loan Finance, Inc. (ELFI) is the parent company of SouthEast Bancorp, Inc. The bank has no other subsidiaries or affiliates relevant to this evaluation. SEB received a "Substantial Noncompliance" rating at its previous FDIC Performance Evaluation, dated September 27, 2021, based on Interagency Intermediate Small Examination Procedures.

SEB operates 14 full-service offices throughout eastern and middle Tennessee in the following counties: Bradley, Hamilton, Knox, Loudon, McMinn, Meigs, Putnam, and Rhea. During the evaluation period, SEB did not open or close any branches. No mergers or acquisitions occurred since the prior evaluation.

SEB's primary business focus is on student lending followed by commercial and residential real estate lending. The student loan portfolio consists of originated ELFI loans and purchased Federal Family Education Loan Program loans. SEB launched the ELFI loan program in 2015, to provide low-cost student loan refinancing options to borrowers in all 50 states as well as the District of Columbia and Puerto Rico. The bank offers a variety of other loan products including residential real estate, construction, commercial, agricultural, home equity, credit cards, vehicle, and other personal loans to meet local credit needs. The bank also provides a variety of deposit services, including checking, savings, and time deposits. Other account products and services include safe deposit boxes and electronic statements as well as an investment advisory service. The institution maintains banking hours typical for the AAs and the industry. Alternative banking services offered include telephone banking, online banking, bill-pay, mobile banking, mobile alerts, digital wallet, remote deposit capture for business accounts, and 14 deposit-taking automated teller machines (ATMs).

As of December 31, 2022, the bank reported total assets of \$2.3 billion, total loans of \$2.1 billion, and total deposits of \$2.1 billion. Net loans and leases comprise the majority of total assets. The following table details the mix of outstanding loans as of December 31, 2022. Consumer loans constitute the largest percentage of outstanding gross loans at 59.4 percent due to the total dollar volume of student loans. The second largest percentage of outstanding gross loans are commercial loans at 21.9 percent.

Loan Portfolio Distribution as of 12/31/2022		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	175,997	8.4
Secured by Farmland	6,089	0.3
Secured by 1-4 Family Residential Properties	174,334	8.3
Secured by Multi-family (5 or more) Residential Properties	32,448	1.6
Secured by Non-farm Non-Residential Properties	362,709	17.2
Total Real Estate Loans	751,577	35.7
Commercial and Industrial Loans	98,648	4.7
Agricultural Production and Other Loans to Farmers	524	0.0
Consumer	1,251,184	59.4
Obligations of States and Political Subdivisions in the United States	357	0.0
Other Loans	4,695	0.2
Less: Unearned Income	1,962	0.1
Totals	2,105,023	100.0
<i>Source: Report of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires financial institutions to define one or more AAs, within which to evaluate CRA performance. SEB designated five AAs: 1) Chattanooga Metropolitan Statistical Area (MSA) AA, 2) Cleveland MSA AA, 3) Knoxville MSA AA, 4) Middle Tennessee Non-MSA, and 5) Southeast Tennessee Non-MSA AA. The AAs have not changed since the prior evaluation.

The two Tennessee Non-MSA AAs are not contiguous. However, examiners did not identify any significant anomalies in performance when assessed separately, and these Non-MSA AAs reflect similar economic and demographic conditions. Therefore, for presentation purposes in this evaluation, examiners combined the performance among the two separate Non-MSA AAs, which will be collectively referred to as the Tennessee Non-MSA AA. Each AA conforms to the technical requirements of the CRA and do not arbitrarily exclude LMI neighborhoods.

Description of Assessment Areas			
Assessment Area	Counties	# of CTs*	# of Branches
Chattanooga MSA	Hamilton	87	2
Cleveland MSA	Bradley	25	1
Knoxville MSA	Knox and Loudon	135	5
Tennessee Non-MSA	McMinn, Meigs, Putnam, and Rhea	41	6
<i>Source: Bank data</i>			
<i>*Census tracts (CTs)</i>			

Refer to the individual AAs for more detail.

SCOPE OF EVALUATION

General Information

This evaluation covers the time period from the previous evaluation dated September 27, 2021, to the current evaluation dated April 24, 2023. Examiners used the Interagency Large Institution Examination Procedures to evaluate SEB's CRA performance. These procedures include three tests: Lending, Investment, and Service. The Lending Test is given the most weight in the evaluation and an institution may not receive an overall "Satisfactory" rating unless its Lending Test receives at least a "Low Satisfactory" rating.

Examiners applied full-scope procedures to the Knoxville MSA AA because this area contains the majority of total loans, deposits, and branches and applied full-scope procedures to the Tennessee Non-MSA AA. The Chattanooga MSA AA also received a full-scope review since this area did not receive a full-scope review at the prior evaluation. Examiners applied limited-scope procedures to the Cleveland MSA AA.

Based on the activities below, examiners weighed performance in the Knoxville MSA AA heavier when arriving at applicable conclusions. The Cleveland MSA AA was given the least weight given the limited activity in this area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Chattanooga MSA	47,782	29.6	279,916	13.6	2	14.3
Cleveland MSA	7,014	4.3	139,510	6.8	1	7.1
Knoxville MSA	75,623	46.8	831,139	40.5	5	35.7
Tennessee Non-MSA	31,148	19.3	801,467	39.1	6	42.9
Total	161,567	100.0	2,052,032	100.0	14	100.0
<i>Source: 2022 Home Mortgage Disclosure (HMDA) Loan Application Register (LAR) data, 2022 CRA data, 2022 student loan data, and FDIC Summary of Deposits (06/30/2022)</i>						
<i>Due to rounding, totals may not equal 100.0 percent</i>						

Activities Reviewed

For the Lending Test, examiners reviewed and analyzed consumer (student), small business, home mortgage loans, and all reported CD loans originated since the previous evaluation. The following lists the universes of applicable products considered in this evaluation.

Student Loans

- 2021: 4,959 loans totaling \$404.0 million
- 2022: 4,993 loans totaling \$383.3 million

Small Business Loans

- 2021: 455 loans totaling \$62.0 million
- 2022: 318 loans totaling \$61.2 million

Home Mortgage Loans

- 2021: 231 loans totaling \$62.7 million
- 2022: 489 loans totaling \$158.7 million

Examiners also reviewed 26 loans totaling \$122.8 million of CD loans originated between September 27, 2021, and April 24, 2023.

Examiners afforded more weight to student loans for the AA concentration due to the larger number and dollar volume when compared to small business and home mortgage lending. For the geographic distribution and borrower profile criteria, considering management information and the number and dollar amount of loans originated or purchased, small business loans received more weight than home mortgage loans. Small farm loans do not represent a major product line and do not provide material support for conclusions or ratings. Therefore, examiners did not include this information.

Since no trends exist between the different years' data that materially affect applicable conclusions or ratings, this evaluation presents 2022 data for student loans. The evaluation also presents 2021 small business and home mortgage data, the most recent year for which aggregate data exists for each as of the evaluation date. Examiners compared the 2022 student lending data to the percent of households from the 2020 U.S. Census, the 2021 small business lending to 2021 CRA aggregate data and to 2021 D&B data, and the 2021 home mortgage lending to 2021 HMDA aggregate data and the 2015 American Community Survey (ACS) data. Examiners included all years of lending data in the Assessment Area Concentration discussion.

The scope for the Investment Test considers applicable current period CD activities, including CD investments. The Investment Test's scope further encompasses prior period CD investments. Prior period CD investments involve those purchased prior to the previous evaluation but still outstanding as of this evaluation date. Examiners use the book value as of the current evaluation date to value all prior period CD investments.

For the Service Test, examiners reviewed the CD services for the evaluation period, delivery systems for providing retail banking services, including branches and alternative delivery systems, and the impact of any branch openings or closings during the evaluation period. The review evaluated retail banking products and services targeted toward LMI individuals or small businesses or tailored to meet specific needs within the AAs.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

SEB demonstrated a needs to improve performance under the Lending Test. For the CRA Large Institution Lending Test, typically, examiners will first determine whether the presence of any weaker lending activity or AA concentration performance warrants downgrading the overall Lending Test rating. The very small percentage of lending inside the AAs outweighed the adequate records for geographic distribution and innovative or flexible lending practices, the good record for borrower profile, and the excellent record for CD loans to support this conclusion. The adequate records in the Knoxville MSA AA, the Chattanooga MSA AA, and the Cleveland MSA AA, and the good record in the Tennessee Non-MSA AA further support the Lending Test component conclusions.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs. Good performances regarding small business and home mortgage loans outweighs the very poor performance in student loans, to support this conclusion.

Small Business Loans

The institution's small business lending activity reflects good responsiveness to AA credit needs. In 2021, SEB originated 379 small business loans totaling approximately \$47.4 in the AAs. Good overall market shares and ranking performance in comparison to other lenders in the AAs support this conclusion. Refer to individual AA sections for details.

Home Mortgage Loans

The institution's home mortgage lending activity reflects good responsiveness to AA credit needs. In 2021, SEB originated or purchased 188 home mortgage loans totaling approximately \$45.9 million in the AAs. Good overall market shares and ranking performance in comparison to other lenders in the AAs support this conclusion. Refer to individual AA sections for details.

Student Loans

The institution's student loan lending activity reflects very poor responsiveness to AA credit needs. In 2022, SEB originated 25 student loans totaling approximately \$2.2 million in the AAs. According to the 2020 U.S. Census data, there are 469,856 households in the AAs. Comparing loan activity to the number of households supports this conclusion. Refer to individual AA sections for details.

Assessment Area Concentration

A very small percentage of loans are made in the institution's AAs. The level of originated student loans outside of the AAs primarily supports this conclusion.

The institution maintains a focus in student lending and has a business strategy of originating and purchasing student loans on a nationwide level, with an extremely limited portion in the AAs. The

bank did originate a majority of home mortgage and small business loans within the AAs. Due to the continued level of student lending made outside of the AAs, this CRA criteria held a substantial amount of weight in determining overall conclusions.

Lending Inside and Outside of the Assessment Areas										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Student Loans										
2021	22	0.4	4,937	99.6	4,959	2,146	0.5	401,814	99.5	403,960
2022	25	0.5	4,968	99.5	4,993	2,212	0.6	381,062	99.4	383,274
Subtotal	47	0.5	9,905	99.5	9,952	4,358	0.6	782,876	99.4	787,234
Home Mortgage										
2021	188	81.4	43	18.6	231	45,968	73.4	16,683	26.6	62,651
2022	418	85.5	71	14.5	489	110,793	69.8	47,950	30.2	158,743
Subtotal	606	84.2	114	15.8	720	156,761	70.8	64,633	29.2	221,394
Small Business										
2021	379	83.3	76	16.7	455	47,464	76.6	14,513	23.4	61,977
2022	268	84.3	50	15.7	318	48,035	78.5	13,168	21.5	61,203
Subtotal	647	83.7	126	16.3	773	95,499	77.5	27,681	22.5	123,180
Total	1,300	11.4	10,145	88.6	11,445	256,618	22.7	875,190	77.3	1,131,808
Source: 2021 – 2022 HMDA LAR data, 2021 – 2022 CRA data, and 2021 – 2022 bank data Due to rounding, totals may not equal 100.0 percent										

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the AAs. The adequate records in the Knoxville MSA AA, the Chattanooga MSA AA, and the Cleveland MSA AA outweigh the good record in the Tennessee Non-MSA AA to support this conclusion. Examiners considered the loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. This factor only considered loans originated inside the AAs.

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among retail customers of different income levels and business customers of different size. Good records each AA support this conclusion. Examiners considered loan product types reviewed relative to the available comparative data and any performance context issues when arriving at this conclusion. This factor only considered loans originated inside the AAs.

Innovative or Flexible Lending Practices

The institution makes limited use of innovative and flexible lending practices in order to serve AA credit needs. The number and dollar volume of innovative loan products and flexible lending practices supports this conclusion. Examiners considered the dollar volume relative to the institution's capacity and credit needs of the AAs when arriving at this conclusion.

SEB offers flexible loan products through government-sponsored mortgage programs, such as the U.S. Department of Agriculture (USDA), the Department of Veterans Affairs (VA), and the Federal Housing Administration (FHA). These loans are underwritten, approved, and funded by the investor and are not reported as originated loans. Finally, SEB offers small dollar loans of \$2,500 or less, which can help meet consumer needs for emergency funds due to unforeseen circumstances.

The following table details the innovative and flexible lending programs offered institution-wide across all AAs; therefore, they are not repeated in each AA section. SEB originated 126 innovative and flexible loans totaling approximately \$11.5 million. This dollar figure equates to 0.5 percent of average total assets of \$2.3 billion since the previous evaluation and 0.6 percent of average net loans of \$2.0 billion for the same period.

Innovative and Flexible Lending Programs								
Type of Program	2021		2022		2023		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Small Dollar Loans	37	61	54	87	10	16	101	164
USDA	4	577	4	585	0	0	8	1,162
FHA	3	647	2	399	2	609	7	1,655
VA	6	4,242	4	4,235	0	0	10	8,477
Totals	50	5,527	64	5,306	12	625	126	11,458
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>								

Though not reflected in the above table, the bank has implemented the following lending practices in order to serve AA credit needs. As of the date of the examination, these programs have resulted in limited to no originations.

On June 15, 2022, the bank implemented a Tennessee Student Lending Program for LMI students pursuing an undergraduate or graduate degree in teaching or nursing. This program is specific to the AAs. The program charges a below-market rate to improve affordability. To date, no loans have been originated from this program.

SEB created an in-house program implemented on August 31, 2022, to address the mortgage needs of LMI seniors. The bank waives some customary fees such as the origination fees and charges a below-market rate to improve affordability. The program also enables applicants to: make home improvements to lengthen the time they can age in place; consolidate debts; and lower payments to better match their respective fixed income. To date, three loans have been originated under the

program and efforts continue through meetings with senior groups within the bank's footprint to market the loan product.

Home Mortgage Access Loan is a mortgage product in final stages of rollout. The product will provide mortgage loan access to applicants that have an Individual Taxpayer Identification Number. In delivering this loan product, the impact on underwriting, documentation requirements, amongst other factors had to be considered and addressed.

The bank received favorable CRA consideration for its willingness to offer various flexible options for borrowers impacted financially by the COVID-19 Pandemic. The bank assisted small business borrowers with Paycheck Protection Program (PPP) loans through the Small Business Administration (SBA). The SBA offered the PPP loan program to provide a direct incentive for small businesses to keep their workers on the payroll. The bank originated approximately 133 loans for \$6.4 million since the prior evaluation.

In addition, SEB lends directly to three Community Development Financial Institutions (CDFIs) located within the AAs. Lending directly to qualifying organizations provides the entities much lower funding costs than traditional financing. The majority of direct lending benefits affordable housing. For one of the CDFIs, the bank built and furnished an office building adjacent to the main office. This CDFI provides capital and advisory services for job creating small business loans in the AAs. Also, the bank provides an amount equal to the rent as a donation to the company.

Furthermore, since the previous examination, SEB has lent directly to four Community Investment Tax Credit organizations that provide affordable housing to LMI individuals throughout the AAs.

Finally, SEB offers SBA 504 loans; however, none were originated during the evaluation period.

Considering the programs implemented since the previous examination when the bank was evaluated under the Intermediate Small Bank procedures, it shows the potential to improve the trend in innovative and flexible loans.

Community Development Loans

SEB is a leader in making CD loans. The excellent level of CD loans outweighs the good responsiveness to CD needs to support this conclusion. The adequate levels of CD loans in the Knoxville MSA AA, the Chattanooga MSA AA, and the Cleveland MSA AA, and the poor level of CD loans in the Tennessee Non-MSA AA further support this conclusion.

Since the prior evaluation, SEB originated 26 CD loans totaling approximately \$122.8 million. This level equates to 5.3 percent of average total assets of \$2.3 billion and 6.1 percent of average net loans of \$2.0 billion since prior evaluation. The current level of CD loans decreased since the prior evaluation, at which time represented 10.7 percent of average total assets and 12.0 percent of average net loans; however, the level is still excellent.

The CD loans extended during the evaluation period demonstrate responsive to a variety of AA CD needs, as they helped to support all categories of CD.

The following table illustrates the CD loans by year and qualifying category.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	25,175	0	0	5	11,920	3	6,249	9	43,344
2022	5	7,290	0	0	7	50,602	3	18,856	15	76,748
2023	0	0	1	173	1	2,541	0	0	2	2,714
Total	6	32,465	1	173	13	65,063	6	25,105	26	122,806
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following table details CD loans by AA and purpose.

Community Development Loans by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Chattanooga MSA	0	0	0	0	4	17,016	4	17,381	8	34,397
Cleveland MSA	1	71	0	0	2	10,345	0	0	3	10,416
Knoxville MSA	3	25,577	1	173	3	26,541	2	7,724	9	60,015
Tennessee Non-MSA	0	0	0	0	4	11,161	0	0	4	11,161
Regional Activities	2	6,817	0	0	0	0	0	0	2	6,817
Total	6	32,465	1	173	13	65,063	6	25,105	26	122,806
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

As noted above, SEB originated two regional CD loans which reflect 7.7 percent of the number and 5.6 percent of the dollar volume of the total CD loans. Regional CD loans were included since SEB effectively met the CD needs of the AAs.

The following points provide notable examples of the regional CD lending activities.

- **Affordable Housing** – In 2022, the bank originated a loan to purchase a 36-unit senior housing property that benefits the entire region. All tenants in the complex are approved for Section 8 housing, thereby providing affordable housing to LMI individuals.
- **Affordable Housing** – SEB purchased a low-income tax credit loan to build a 56-unit apartment complex that will provide affordable housing to LMI individuals.

INVESTMENT TEST

The institution achieved a low satisfactory rating regarding the Investment Test. The adequate levels of investment activity and CD initiatives outweigh the good responsiveness to credit and CD needs to support this conclusion. The good record in the Knoxville MSA AA, adequate record in the Cleveland MSA AA, poor record in the Chattanooga MSA AA, and very poor record in the Tennessee Non-MSA AA further support this conclusion.

Investment and Grant Activity

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

As seen in the following table, SEB made use of 179 qualified CD investments totaling \$8.2 million. The total dollar amount of qualified CD investments equates to 0.4 percent of average total assets since the previous evaluation. This represents a slight decrease from the prior evaluation, at which time QIs represented 0.5 percent of average total assets. This figure cannot be compared to average total securities since the bank has not had any securities since the prior examination.

The following table shows the qualified CD investments by AA and qualifying category.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	1	331	0	0	0	0	0	0	1	331
2022	2	1,451	0	0	1	700	0	0	3	2,151
2023	2	3,463	2	200	0	0	0	0	4	3,663
Subtotal	5	5,245	2	200	1	700	0	0	8	6,145
Qualified Grants & Donations	16	100	146	1,312	8	691	1	1	171	2,104
Total	21	5,345	148	1,512	9	1,391	1	1	179	8,249
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following table shows qualified CD investments by AA.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Chattanooga MSA	2	1	32	253	2	151	0	0	36	405
Cleveland MSA	0	0	27	206	0	0	0	0	27	206
Knoxville MSA	15	5,344	60	873	3	284	0	0	78	6,501
Tennessee Non-MSA	4	0	27	75	3	256	1	1	35	332
Regional Activities	0	0	2	105	1	700	0	0	3	805
Total	21	5,345	148	1,512	9	1,391	1	1	179	8,249
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following lists notable examples of regional qualified CD investment activities.

- ***Economic Development*** – The bank increased their investment from \$2.8 million to \$3.5 million in a Small Business Investment Company (SBIC) benefiting the State of Tennessee. This SBIC promotes economic development by financing and providing technical assistance to small businesses.
- ***Community Service*** – SEB placed a \$100,000 certificate of deposit with a CDFI, providing a community service targeted to LMI communities.

Responsiveness to Credit and Community Development Needs

SEB exhibits good responsiveness to credit and CD needs. The prior tables show responsiveness through investments across all CD purpose categories, including community services, which is the only identified need of the AAs. Refer to the individual AA sections for details.

Community Development Initiatives

SEB occasionally uses innovative or complex investments to support CD initiatives. This is discussed in further detail within each AA section.

SERVICE TEST

SEB demonstrated a high satisfactory record regarding the Service Test. The good record for CD services outweighed the adequate records for accessibility of delivery systems and reasonableness of bank hours and services to primarily support this conclusion. Additionally, the adequate records in each AA further supports this conclusion.

Accessibility of Delivery Systems

Delivery systems are reasonably accessible to essentially all portions of the AAs. The reasonable distribution of branches and alternative delivery systems support this conclusion.

The bank makes its full-service offices reasonably accessible to essentially all portions of the AAs. Adequate accessibility of branches in both LMI geographies support this conclusion.

The level of branches in low-income tracts falls 5.8 percentage points below the population, reflecting an adequate level. In moderate-income tracts, the level of branches is 1.4 percentage points higher than the population level, reflecting an adequate level.

Branch and ATM Distribution												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	21	7.3	68,653	5.8	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	43	14.9	153,041	12.9	2	14.3	2	14.3	0	0.0	0	0.0
Middle	132	45.9	572,453	48.2	6	42.9	6	42.9	0	0.0	0	0.0
Upper	85	29.5	377,909	31.8	6	42.9	6	42.9	0	0.0	0	0.0
NA	7	2.4	15,386	1.3	0	0.0	0	0.0	0	0.0	0	0.0
Totals	288	100.0	1,187,442	100.0	14	100.0	14	100.0	0	0.0	0	0.0
<i>Source: 2020 U.S. Census data and Bank data</i> <i>Due to rounding, totals may not equal 100.0 percent</i>												

The alternative delivery systems are reasonably accessible to essentially all portions of the AAs. Reasonably accessible ATMs and alternative delivery systems to LMI geographies and individuals support this conclusion.

SEB operates an ATM at each of its branch locations. The level of ATMs in low-income geographies falls below the population level by 5.8 percentage points, reflecting a reasonable level. In moderate-income geographies, the ATMs rise over the population level by 1.4 percentage points, also reflecting a reasonable level. SEB also offers other alternative delivery systems and services to all users, including LMI geographies for LMI individuals throughout all AAs. Alternative delivery systems include:

- Personal Online Banking – This service allows customers to conduct banking transactions through a personal computer. Allowable transactions include viewing account information, online statements, cleared checks, fund transfers, electronic bill payment, and new account opening using a secure connection.
- Mobile Banking – This product allows customers to access their accounts at anytime and anywhere with a web-enabled phone with the SEB Personal Mobile app for iPhone or Android. Features include mobile check deposit, viewing account information, electronic bill payment, and mobile push notification alerts.
- Digital Wallet – This service allows customers to make contactless mobile payments by adding SEB debit card information to a digital wallet application within a mobile device or smart watch for quick and secure payments. The digital wallet works with Apple Pay,

- Google Pay, Samsung Pay, Fitbit Pay, or Garmin Pay.
- Remote Deposit Capture – This fully integrated, web-based electronic payment processing system uses a check scanner to convert checks into electronic transactions. Commercial customers who process numerous checks benefit the most from this product.

Changes in Branch Locations

To the extent changes have been made, SEB's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. SEB has not opened or closed any branches since the previous examination so this conclusion holds little weight for the overall Service Test conclusion.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies and individuals. The branches generally have the same product offerings and services, and similar hours that vary slightly based on AA needs. All of the branches have drive-up facilities and maintain extended drive-up hours on weekdays and morning drive-up hours on Saturdays at a significant percentage of branches. See the AA sections for additional details on specific hours offered in each AA.

Community Development Services

The institution provides a good level of CD services. Good performance regarding the extent of CD services outweighed the excellent responsiveness to CD service needs to support this conclusion.

The following table shows that the bank provided 64 CD services since the previous evaluation. This is a significant decline from the 124 CD services recorded at the previous evaluation; however, the period from this evaluation is only six quarters versus 12 quarters for the previous evaluation. The current level reflects adequate performance regarding the extent, or number, of CD services provided.

The services primarily involve bank personnel's use of technical expertise to benefit organizations or projects with a primary purpose of CD, as defined by CRA regulations. In addition to the extent, CD services reflect excellent responsiveness to available opportunities as illustrated by the level of addressing identified CD needs in the AAs. The majority of CD services benefited community services targeted to LMI individuals, which is the primary need of all AAs, but also benefited all four categories.

The following table shows the CD services by year and CD category.

Community Development Services by Year					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	2	0	0	2
2022	3	35	6	1	45
2023	2	11	3	1	17
Total	5	48	9	2	64
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>					

The following table shows the CD services by AA and CD category.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Chattanooga MSA	2	1	4	0	7
Cleveland MSA	0	8	0	0	8
Knoxville MSA	3	22	1	0	26
Tennessee Non-MSA	0	15	4	2	21
Statewide/Regional	0	2	0	0	2
Total	5	48	9	2	64
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>					

The following lists notable examples of regional CD service activities.

- **Community Services** – An Advisory Board member serves on a non-profit association that advises institutions of higher learning in making colleges more available and affordable for LMI students.
- **Community Services** – An Advisory Board member serves on the Board and the financial committee of a regional hospital, providing community services to LMI areas and individuals.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

Examiners reviewed for compliance with the laws relating to discrimination and other illegal credit practices, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

CHATTANOOGA MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE CHATTANOOGA MSA AA

The Chattanooga MSA AA consists of all 87 CTs that make up Hamilton County and represents one of three counties in the Chattanooga, Tennessee-Georgia (Chattanooga) MSA based on the 2020 U.S. Census data. This is an increase from the 82 CTs using the 2015 ACS data from the previous evaluation.

Economic and Demographic Data

The AA CTs reflect the following income designations based on 2015 ACS data: 10 low-, 12 moderate-, 31 middle-, 27 upper-income, and two tracts with no income designation. According to the 2020 U.S. Census data, this same AA reflects the following changes to the income designation: eight low-, 15- moderate, 33 middle-, 28 upper-income, and three tracts with no income designation.

The following table notes certain demographic data for this area.

Demographic Information of the Assessment Area						
Chattanooga MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	87	9.2	17.2	37.9	32.2	3.4
Population by Geography	366,207	7.7	12.8	41.4	37.3	0.8
Housing Units by Geography	163,605	8.5	14.2	41.9	34.5	0.9
Owner-Occupied Units by Geography	87,922	4.2	11.7	37.2	46.9	1.1
Occupied Rental Units by Geography	53,286	15.2	18.0	40.0	26.0	0.7
Vacant Units by Geography	15,309	11.8	19.2	35.2	32.7	1.1
Businesses by Geography	39,905	8.0	14.5	35.8	41.4	0.3
Farms by Geography	878	5.4	12.2	38.7	43.7	0.0
Family Distribution by Income Level	88,629	20.2	17.0	18.9	44.0	0.0
Household Distribution by Income Level	148,296	22.4	16.6	17.1	43.9	0.0
Median Family Income MSA - 16860 Chattanooga, TN-GA MSA		\$70,533	Median Housing Value			\$202,001
			Median Gross Rent			\$919
			Families Below Poverty Level			8.2%
Source: 2015 ACS data, 2020 U.S. Census data, and 2021 D&B data Due to rounding, totals may not equal 100.0 percent (* The NA category consists of geographies that have not been assigned an income classification						

Currently, major employers in the Chattanooga MSA AA consist of Hamilton County Schools, Blue Cross Blue Shield of Tennessee, Volkswagen Group of America Chattanooga Operations, and Erlanger Health System. The Chattanooga MSA AA unemployment rate of 2.9 percent in 2021 is below the U.S. rate of 3.9 percent and the State of Tennessee unemployment rate of 3.1 percent. In 2022, the Chattanooga MSA AA unemployment rate of 2.8 percent is below both the U.S. rate at 3.5 percent and the State of Tennessee rate at 2.9 percent.

The FFIEC reported 2021 and 2022 median family income for the Chattanooga MSA of \$71,300 and \$75,200, respectively. The following table denotes the income ranges for the low-, moderate-, middle-, and upper-income designations.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Chattanooga MSA AA Median Family Income (16860)				
2021 (\$71,300)	<\$35,650	\$35,650 to <\$57,040	\$57,040 to <\$85,560	≥\$85,560
2022 (\$75,200)	<\$37,600	\$37,600 to <\$60,160	\$60,160 to \$90,240	≥\$90,240
<i>Source: FFIEC</i>				

Competition

The area contains a low level of competition from other chartered banks based on its population with each of the 120 offices from 20 institutions serving about 2,901 people on average. SEB ranks 11th in deposit market share with 1.8 percent of AA deposits based on the June 30, 2022, FDIC Summary of Deposits data. The 2021 small business and peer mortgage data indicate there are 117 small business reporting lenders and 438 home mortgage loan reporters in this AA. Overall, the competition level allows for lending opportunities.

Community Contacts

As part of the evaluation process, examiners contacted a third party active in the AA to assist in identifying the credit and CD needs. This information helps determine local financial institutions' responsiveness to these needs and shows available credit and CD opportunities.

Examiners contacted representatives from two local non-profit organizations focused on economic development throughout the Chattanooga MSA, with a specific focus on Hamilton County. The first organization provides for-profit businesses with free services for starting, growing, and sustaining business, while the second focuses on local lending initiatives. One contact indicated that the local economy is doing well overall. However, as financial institutions tighten credit standards, individuals and businesses are looking towards other sources of lending. The second contact revealed that the highest population and concentration of underserved communities is within Hamilton County. Gentrification has been a significant challenge revealing an uneven economic recovery, with urban communities being split between low- and high-income families.

One contact indicated that affordable housing and employment services are a significant need due to job losses incurred as a result of the COVID-19 Pandemic. Specifically, there is a need for affordable housing programs geared toward middle-income families that may not qualify for local, state, or federal housing assistance. With this, there are opportunities for local financial institutions to participate in affordable housing development funds through investments, grants, and donations. Further, both contacts indicated a strong need for technical assistance in the form of financial education geared towards LMI individuals, small businesses, and first-time homebuyers. Various opportunities exist for local financial intuitions to provide financial technical expertise through partnerships with local non-profit organizations.

Credit and Community Development Needs and Opportunities

Consistent with other metropolitan areas, the Chattanooga MSA AA created varied loan demand for small business and home mortgage loans. Considering information from bank management and demographic and economic information, examiners ascertained that the primary credit needs of the area include small business and home mortgage loans.

Demographic data indicates that 37.2 percent of AA families received a designation of LMI, with 8.2 percent below the poverty level. In addition, 26.4 percent of the area's CTs received LMI designations. This signifies a continued need for community services targeting LMI individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE CHATTANOOGA MSA AA

LENDING TEST

SEB demonstrated an adequate record in the Chattanooga MSA AA, regarding the Lending Test. The adequate performances regarding geographic loan distribution and CD loans outweighs the good performances in borrower profile and lending activity to support this conclusion. For the Chattanooga MSA AA, examiners did not review student lending performance, as there was a limited level of student loans in this AA.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs in the Chattanooga MSA AA. Good penetration in both small business and home mortgage loans supports this conclusion. Examiners considered the bank's size, business strategy, and capacity in this rated area relative to the credit needs when arriving at this conclusion.

Small Business Loans

The institution originated 78 small business loans totaling approximately \$11.5 million in the Chattanooga MSA AA in 2021. SEB's lending activity ranks 21st out of 105 reporting lenders in the Chattanooga MSA AA, which positions SEB in the 20th percentile of lenders reporting small business loans, reflecting good performance.

Home Mortgage Loans

The institution originated or purchased 44 home mortgage loans totaling approximately \$12.7 million in the Chattanooga MSA AA in 2021. SEB ranked 88th out of 438 reporting lenders in the Chattanooga MSA AA, which positions SEB in the 20th percentile of lenders reporting home mortgage loans, reflecting good performance.

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Chattanooga MSA AA. The adequate penetration in small business lending outweighed the good penetration in home mortgage lending to support this conclusion.

Small Business Loans

The distribution of small business loans reflects adequate penetration in the Chattanooga MSA AA. Adequate performances in both LMI CTs support this conclusion.

As seen in the following table, the lending in low-income tracts is higher than the aggregate data by 4.6 percentage points, reflective of adequate performance. The table further shows that in moderate-income CTs, the lending level falls 6.1 percentage points below the aggregate data, also reflecting an adequate level.

Geographic Distribution of Small Business Loans Chattanooga MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	8.0	9.5	11	14.1	4,601	40.0
Moderate	14.5	13.8	6	7.7	1,299	11.3
Middle	35.8	35.2	31	39.7	3,043	26.4
Upper	41.4	41.5	30	38.5	2,561	22.3
Not Available	0.3	0.1	0	0.0	0	0.0
Totals	100.0	100.0	78	100.0	11,504	100.0
<i>Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent</i>						

Home Mortgage Loans

Home mortgage lending levels reflect good penetration throughout the Chattanooga MSA AA. Excellent performance in low-income CTs and adequate performance in moderate-income CTs support this conclusion.

The following table shows that in low-income CTs, SEB's lending greatly exceeds aggregate by 21.6 percentage points, reflecting excellent performance. The institution's lending performance in moderate-income CTs slightly exceeds aggregate data by 0.4 percentage points, reflecting adequate performance.

Geographic Distribution of Home Mortgage Loans Chattanooga MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.2	3.4	11	25.0	862	6.7
Moderate	11.7	8.7	4	9.1	330	2.6
Middle	37.2	35.2	15	34.1	7,171	56.2
Upper	46.9	52.7	14	31.8	4,398	34.5
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	44	100.0	12,761	100.0
Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels in the Chattanooga MSA AA. Excellent penetration in small business loans outweighed poor penetration in home mortgage loans to support this conclusion.

Small Business Loans

The distribution of small business loans, based on the borrowers' profiles, reflects penetration in the Chattanooga MSA AA. Excellent penetration to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

As shown in the following table, the level of lending to small businesses with gross annual revenues of \$1.0 million or less is 24.5 percentage points higher than the aggregate level, reflecting excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Chattanooga MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	86.8	44.7	54	69.2	5,887	51.2
>\$1,000,000	4.1	--	20	25.7	5,212	45.3
Revenue Not Available	9.1	--	4	5.1	405	3.5
Totals	100.0	100.0	78	100.0	11,504	100.0
Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent						

Home Mortgage Loans

The distribution of home mortgage loans, based on the borrowers' profiles, reflects poor penetration among borrowers of different income levels in the Chattanooga MSA AA. Poor performance to moderate-income borrowers outweighs the adequate performance to low-income borrowers to support this conclusion.

The following table shows that to low-income borrowers, the performance falls below aggregate data by only 4.9 percentage points, reflecting an adequate level. To moderate-income borrowers, the level of lending falls below aggregate data by 11.5 percentage points, reflecting a poor level. Examiners placed more weight on performance to moderate-income borrowers since aggregate data is higher for this income category, showing a higher loan demand.

Distribution of Home Mortgage Loans by Borrower Income Level Chattanooga MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.2	4.9	0	0.0	0	0.0
Moderate	17.0	16.0	2	4.5	420	3.3
Middle	18.9	18.8	8	18.2	1,264	9.9
Upper	44.0	40.0	13	29.5	2,722	21.3
Not Available	0.0	20.3	21	47.7	8,355	65.5
Totals	100.0	100.0	44	100.0	12,761	100.0
<i>Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent</i>						

Community Development Loans

The institution has made an adequate level of CD loans in the Chattanooga MSA AA. The adequate level of CD loans outweighed the poor responsiveness to CD needs support this conclusion.

As seen in the following table, SEB originated eight CD loans totaling approximately \$34.4 million in the Chattanooga MSA AA. By dollar, this equates to 28.0 percent of the total CD loans compared to 29.6 percent of the total loans in this AA, reflecting adequate performance. The level of CD loans in this AA decreased since the previous evaluation where the bank originated 18 CD loans totaling \$63.4 million; however, this evaluation period is shorter than the previous evaluation and the level is still considered adequate.

The following table shows the CD loans by CD category in the Chattanooga MSA AA.

Community Development Lending – Chattanooga MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	0	0	0	0	1	1,300	2	6,125	3	7,425
2022	0	0	0	0	3	15,716	2	11,256	5	26,972
2023	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	4	17,016	4	17,381	8	34,397
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The CD loans reflect poor responsiveness to AA CD needs. None of the of the CD loans helped community services targeted to LMI individuals, which is the only identified need of the AA.

The following points provide examples of CD loans in the Chattanooga MSA AA.

- ***Revitalize or Stabilize*** - The institution originated a loan totaling nearly \$7.6 million to construct a 48,000 square foot facility within an industrial park, located in a designated Opportunity Zone in a moderate-income CT. A company plans to move their entire operation to this location employing over 900 LMI individuals.
- ***Economic Development*** – SEB renewed a \$2.5 million loan to purchase a warehouse and excess land located in a designated Opportunity Zone. The Opportunity Zone is designed to drive long-term capital to low-income communities by providing tax incentives to businesses, resulting in the creation and retention of jobs for LMI individuals and in LMI areas.

INVESTMENT TEST

SEB demonstrated a poor record regarding the Investment Test in the Chattanooga MSA AA. The poor level of QIs and very poor level of innovative or complex CD initiatives outweighed the good responsiveness to CD needs to support this conclusion.

Investment and Grant Activity

SEB has a poor level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors in the Chattanooga MSA AA. The poor level of qualified CD investments in this AA supports this conclusion.

As seen in the following table, SEB made 36 qualified CD investments totaling \$405,000. By dollar volume, this equates to 4.9 percent of the total qualified CD investments compared to 13.6 percent of the total deposits in this AA, which reflects poor performance. The level of qualified CD investments in this AA increased slightly since the previous evaluation where the bank made 17 qualified CD investments totaling \$388,000, but still reflects a poor level.

Qualified Investments – Chattanooga MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	2	1	32	253	2	151	0	0	36	405
Total	2	1	32	253	2	151	0	0	36	405
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following are examples of notable QIs in the Chattanooga MSA AA.

- **Community Services** – SEB made a \$60,000 donation to a Title 1 school.
- **Affordable Housing** – SEB sponsored and made a \$1,000 donation to an organization that constructs homes for LMI individuals living within the AA.

Responsiveness to Credit and Community Development Needs

SEB exhibits good responsiveness to credit and CD needs in the Chattanooga MSA AA. The bank provided 62.5 percent of all qualified CD investments in the AA towards community services, which is an identified need of the AA.

Community Development Initiatives

SEB does not use innovative or complex investments to support CD initiatives in the Chattanooga MSA AA.

SERVICE TEST

SEB demonstrated an adequate record for the Service Test in the Chattanooga MSA AA. The adequate levels regarding CD services and business hours and services outweigh the very poor delivery systems access to primarily support this conclusion.

Accessibility of Delivery Systems

Delivery systems are inaccessible to significant portions of the Chattanooga MSA AA, particularly in LMI geographies and to LMI individuals. The very poor level of branches outweighs the poor level of alternative delivery systems to support this conclusion.

The bank makes it two full-service offices inaccessible to significant portions of the Chattanooga MSA AA. The very poor level of branches in moderate-income CTs outweighed the poor level of branches in low-income CTs to support this conclusion.

In low-income CTs, the level of branches falls below the population level by 7.7 percentage points, reflecting poor performance. In moderate-income CTs, the level of branches falls below the level of population by 12.8 percentage points, reflecting a very poor level. Examiners placed more weight on the performance in moderate-income CTs since the population is higher in these areas, reflecting more needs for banking services.

Branch and ATM Distribution by Geography Income Level												
Chattanooga MSA AA												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	8	9.2	28,339	7.7	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	15	17.2	46,819	12.8	0	0.0	0	0.0	0	0.0	0	0.0
Middle	33	37.9	151,620	41.4	0	0.0	0	0.0	0	0.0	0	0.0
Upper	28	32.2	136,537	37.3	2	100.0	2	100.0	0	0.0	0	0.0
NA	3	3.5	2,892	0.8	0	0.0	0	0.0	0	0.0	0	0.0
Totals	87	100.0	366,207	100.0	2	100.0	2	100.0	0	0.0	0	0.0
<i>Source: 2020 U.S. Census data and Bank data</i> <i>Due to rounding, totals may not equal 100.0 percent</i>												

The bank has poor accessibility for alternative delivery systems in the Chattanooga MSA AA. The very poor level of ATMs and the adequate level of other retail banking services through alternative delivery systems support this conclusion.

In low-income CTs, the level of ATMs falls below the population level by 7.7 percentage points, reflecting a poor level. In moderate-income CTs, the level of ATMs falls below the population level by 12.8 percentage points, reflecting a very poor level. Examiners placed more weight on the performance in moderate-income CTs since the population is higher in these areas, reflecting more needs for banking services.

The bank offers other alternative delivery systems similar to those discussed at the overall level. Refer to the Service Test sections, discussed previously, for specific details of retail banking systems available through alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. No branch changes occurred in the Chattanooga MSA AA; therefore, this criterion held little weight in determining the overall Service Test conclusion for the Chattanooga MSA AA.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences portions of the Chattanooga MSA AA, particularly LMI geographies and individuals.

The Chattanooga MSA AA reflects product offerings, services, and branch hours generally consistent with discussions at the institution level. The two branches in the Chattanooga MSA AA offer similar service hours.

Community Development Services

The institution provides an adequate level of CD services in the Chattanooga MSA AA. Adequate performances regarding the extent of CD services and the responsiveness of CD services support this conclusion.

The bank provided seven CD services since the previous evaluation. This equates to 10.9 percent of the total CD services as compared to the 14.3 percent of branches in this AA. The level of CD services in this AA decreased since the previous evaluation where the bank provided nine CD services, but still remains adequate.

The Chattanooga MSA AA CD services, at 14.3 percent, benefitted community services targeted to LMI, which is a need of the AA. This demonstrates the institution's adequate responsiveness to CD needs.

The following table provides the CD services by category within the Chattanooga MSA AA.

Community Development Services – Chattanooga MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	0	0	0	0
2022	1	1	3	0	5
2023	1	0	1	0	2
Total	2	1	4	0	7
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>					

The following provides notable examples of CD services in the Chattanooga MSA AA.

- ***Community Services*** – A bank employee provides workshops and financial classes to a Title 1 high school.
- ***Economic Development*** – Bank employees serve as Treasurer, Board Member, and Finance Committee member for a non-profit organization. The organization works to empower and educate underserved communities about entrepreneurship by providing training programs for LMI adults and high school students attending Title 1 schools.
- ***Affordable Housing*** – A bank employee serves on the Executive Financial Committee for a non-profit organization that provides affordable housing to LMI individuals.

KNOXVILLE MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE KNOXVILLE MSA AA

The Knoxville MSA AA consists of all 135 CTs that make up all of Knox and Loudon Counties and represents two of eight counties in the Knoxville, Tennessee (Knoxville) MSA. This is an increase from the 122 CTs using the 2015 ACS data from the previous evaluation.

Economic and Demographic Data

The AA CTs reflect the following income designations based on 2015 ACS data: nine low-, 23 moderate-, 48 middle-, 40 upper-, and two CTs with no income designation. According to the 2020 U.S. Census data, this same AA reflects the following changes to the income designations: 12 low-, 17 moderate-, 54 middle-, 48 upper-, and four CTs with no income designation. The Federal Emergency Management Agency (FEMA) declared Knox County as a major disaster area on March 8, 2023, due to severe storms.

The following table notes certain demographic data for this area.

Demographic Information of the Assessment Area						
Knoxville MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	135	8.9	12.6	40.0	35.6	3.0
Population by Geography	533,857	7.0	11.4	41.6	37.6	2.3
Housing Units by Geography	231,004	8.2	12.7	42.1	36.0	1.0
Owner-Occupied Units by Geography	130,942	2.8	12.9	44.2	40.1	0.0
Occupied Rental Units by Geography	70,606	16.2	16.4	38.0	26.6	2.8
Vacant Units by Geography	20,501	15.0	12.8	42.1	28.5	1.6
Businesses by Geography	46,002	4.4	14.4	34.5	46.3	0.4
Farms by Geography	1,129	2.5	14.3	41.4	41.4	0.4
Family Distribution by Income Level	125,362	20.1	15.6	19.4	44.9	0.9
Household Distribution by Income Level	210,503	23.2	15.4	17.2	44.2	0.0
Median Family Income MSA - 28940 Knoxville, TN MSA		\$72,608	Median Housing Value			\$205,574
			Median Gross Rent			\$908
			Families Below Poverty Level			8.6%
Source: 2015 ACS data, 2020 U.S. Census data, and 2021 D&B data Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification						

Currently, major employers in the Knoxville MSA AA consist of Covenant Health, Knox County Schools, and The University of Tennessee-Knoxville. The Knoxville MSA AA unemployment rate of 2.5 percent in 2021 is below the U.S. rate of 3.9 percent and the State of Tennessee rate of 3.1 percent in 2021. Similarly, the unemployment rate of 2.6 percent in 2022 is below the U.S. rate at 3.5 percent and the State of Tennessee rate at 2.9 percent.

The Federal Financial Institutions Examination Council (FFIEC) reported 2021 and 2022 median family income for the Knoxville MSA of \$69,100 and \$82,000, respectively. The following table denotes the income ranges for the low-, moderate-, middle-, and upper-income designations.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Knoxville MSA Median Family Income (28940)				
2021 (\$69,100)	<\$34,550	\$34,550 to <\$55,280	\$55,280 to <\$82,920	≥\$82,920
2022 (\$82,000)	<\$41,000	\$41,000 to <\$65,600	\$65,600 to \$98,400	≥\$98,400
Source: FFIEC				

Competition

The area contains a moderate level of competition from other chartered banks based on its population with each of the 212 offices from 41 institutions serving about 2,333 people on average. SEB ranks eighth in deposit market share with 3.4 percent of AA deposits based on the June 30, 2022, FDIC Summary of Deposits data. The 2021 small business data and peer mortgage data indicate there are 130 small business reporting lenders and 601 home mortgage loan reporters in this AA. Overall, the competition level allows for lending opportunities.

Community Contacts

Examiners contacted a representative from a local non-profit economic development organization, and utilized existing information obtained from a local federal organization focusing on rural development. These organizations provide services to the entire Knoxville MSA, including Knox and Loudon Counties. The first organization focuses on local economic growth, while the second provides guaranteed loans. Both contacts described eastern Tennessee as being in an overall good economic condition. Knox County has shown rapid population growth with the University of Tennessee being the biggest driver. Loudon County has always had a lot of industry and the general banking and credit needs are pretty similar to other areas.

Due to the rapid migration influx, one contact indicated a significant need for affordable housing. Specifically within Knox County, there is a significant demand, but not enough housing to support the needs. Opportunities for local financial institutions exist for participation in lending funds geared towards affordable housing and housing redevelopment, especially supporting programs to create high density housing. Further, the contact identified key redevelopment areas within Knox County that need attention such as east of downtown Knoxville and Western Heights. The contact identified that while there is an influx of people moving into the areas, there are not enough jobs or housing to support this. As a result, many individuals and business have left, showing a need and opportunity to support programs focused on mixed housing and job creation. Opportunities exist for workforce type housing, whereby attracting business and creating jobs where individuals and families can both live and work in the community. The contact also indicated a need for small dollar loans to support small business growth. The other contact identified opportunities for financial institutions to participate in loan pools and with small business financing in the more rural communities, including Loudon County. The contact stated that opportunities exist to get in on the ground as well with large loans if one bank does not want to take all the risk.

Credit and Community Development Needs and Opportunities

Consistent with other metropolitan areas, the Knoxville MSA AA has varied loan demand for small business and home mortgage loans. Considering information from bank management and demographic and economic information, examiners ascertained that the primary credit needs of the area include small business and home mortgage loans.

Demographic data indicates that 35.7 percent of AA families received a designation of LMI, with 8.6 percent below the poverty level. In addition, 21.5 percent of the area's CTs are in LMI areas. This signifies a continued need for community services targeting LMI individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE KNOXVILLE MSA AA

LENDING TEST

SEB demonstrated an adequate record in the Knoxville MSA AA, regarding the Lending Test. The adequate performances regarding geographic loan distribution and CD loans outweighed the good performances regarding borrower profile and lending activity to support this conclusion.

Lending Activity

Lending levels reflect good responsiveness to AA credit needs in the Knoxville MSA AA. Good penetration in small business and home mortgage loans outweighs the very poor performance in student loans. Examiners considered the bank's size, business strategy, and capacity in this AA relative to the credit needs when arriving at this conclusion.

Small Business Loans

The institution originated 137 small business loans totaling approximately \$20.5 million in the Knoxville MSA AA. SEB's lending activity ranks 19th out of 130 reporting lenders in the Knoxville MSA AA, which positions SEB in the 15th percentile of lenders reporting small business loans, reflecting good performance.

Home Mortgage Loans

The institution originated 69 home mortgage loans totaling approximately \$19.3 million in 2021 in the Knoxville MSA AA. SEB ranked 101 out of 601 reporting lenders in the Knoxville MSA AA, which positions SEB in the 20th percentile of lenders reporting home mortgage loans, reflecting good performance.

Student Loans

The institution originated 18 student loans totaling \$1.9 million in 2021 and 18 student loans totaling approximately \$1.8 million in 2022 in the Knoxville MSA AA. Compared to the number of households in the Knoxville MSA AA, this reflects very poor performance

Geographic Distribution

The geographic distribution of loans reflects adequate penetration throughout the Knoxville MSA AA. Adequate performance regarding small business loans and student loans outweighed the good performance for home mortgage loans to support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects adequate performance in the Knoxville MSA AA. Adequate penetration in both LMI geographies supports this conclusion.

As seen in the following table, the lending in low-income tracts falls below aggregate data by only 0.1 percentage points, reflecting adequate performance. The table further shows that in moderate-income CTs, the lending falls 6.2 percentage points below aggregate data, yet remains within an adequate range.

Geographic Distribution of Small Business Loans Knoxville MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	4.4	3.7	5	3.6	1,517	7.4
Moderate	14.4	13.5	10	7.3	1,346	6.6
Middle	34.5	35.4	43	31.4	4,657	22.7
Upper	46.3	47.3	79	57.7	12,998	63.3
Not Available	0.4	0.1	0	0.0	0	0.0
Totals	100.0	100.0	137	100.0	20,518	100.0
<i>Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent</i>						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration in the Knoxville MSA AA. The excellent performance in moderate-income CTs and the adequate performance in low-income CTs support this conclusion.

As seen in the following table, the lending in low-income CTs rises above aggregate data by 3.5 percentage points, reflecting adequate performance. SEB's lending performance in moderate-income CTs greatly exceeds aggregate data by 13.9 percentage points, reflecting excellent performance.

Geographic Distribution of Home Mortgage Loans Knoxville MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	2.8	2.3	4	5.8	319	1.7
Moderate	12.9	10.7	17	24.6	3,926	20.3
Middle	44.2	40.9	24	34.8	5,601	29.0
Upper	40.1	46.1	24	34.8	9,449	49.0
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	69	100.0	19,295	100.0
Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent						

Student Loans

The geographic distribution of student loans reflects adequate penetration throughout the Knoxville MSA AA. The good penetration in moderate-income CTs and the poor penetration in low-income CTs supports this conclusion.

The following table shows that in low-income CTs, the performance falls below demographic data by 7.6 percentage points, reflecting poor performance. The table further shows that in moderate-income CTs, the lending level is 9.5 percentage points above the percent of households, reflecting a good level.

Geographic Distribution of Consumer Loans Knoxville MSA AA					
Tract Income Level	% of Households	#	%	\$(000s)	%
Low	7.6	0	0.0	0	0.0
Moderate	12.7	4	22.2	219	12.3
Middle	42.1	2	11.1	122	6.8
Upper	36.7	12	66.7	1,443	80.9
Not Available	0.9	0	0.0	0	0.0
Totals	100.0	18	100.0	1,784	100.0
Source: 2020 U.S. Census data and 2022 Bank data Due to rounding, totals may not equal 100.0 percent					

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels in the Knoxville MSA AA. Excellent penetration in small business loans, poor penetration in home mortgage loans, and very poor penetration in student loans support this conclusion.

Small Business Loans

The distribution of borrowers reflects excellent penetration amount business customers of different sizes in the Knoxville MSA AA. Excellent performance to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

As seen in the following table, SEB's lending to businesses with gross annual revenues of \$1.0 million or less rises 17.9 percentage points higher than aggregate data, reflecting excellent performance.

Distribution of Small Business Loans by Gross Annual Revenue Category Knoxville MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	85.1	46.3	88	64.2	9,707	47.3
>\$1,000,000	4.6	--	46	33.6	10,531	51.3
Revenue Not Available	10.3	--	3	2.2	280	1.4
Totals	100.0	100.0	137	100.0	20,518	100.0
<i>Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent</i>						

Home Mortgage Loans

The distribution of home mortgage loans, based on the borrowers' profiles, reflects poor penetration among borrowers of different income levels in the Knoxville MSA AA. Poor performance to moderate-income borrowers outweighed adequate performance to low-income borrowers to support this conclusion.

The following table shows that the performance to low-income borrowers falls below aggregate data by only 2.2 percentage points, reflecting an adequate level. To moderate-income borrowers, the performance falls below aggregate data by 10.0 percentage points, reflecting a poor level. Examiners placed more weight on performance to moderate-income borrowers as aggregate data performance is higher for this income group, reflecting more loan demand.

Distribution of Home Mortgage Loans by Borrower Income Level Knoxville MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	20.1	5.1	2	2.9	335	1.7
Moderate	15.6	15.8	4	5.8	886	4.6
Middle	19.4	18.6	8	11.6	1,283	6.7
Upper	44.9	43.2	30	43.5	11,904	61.7
Not Available	0.0	17.3	25	36.2	4,887	25.3
Totals	100.0	100.0	69	100.0	19,295	100.0
Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent						

Student Loans

The distribution of student loans, given the demographics of the AA, reflects very poor penetration among borrowers of different income levels in the Knoxville MSA AA. Very poor penetration among low-income borrowers outweighed the poor penetration to moderate-income borrowers to support this conclusion.

The following table shows that no student loans were originated to low-income borrowers which trails demographic data by 23.2 percentage points, reflecting very poor penetration. The lending to moderate-income borrowers falls below demographic data by 9.9 percentage points, reflecting poor performance. Examiners placed more weight on performance to low-income borrowers as the demographic data is higher for this income category, reflecting more opportunities for lending.

Distribution of Consumer Loans by Borrower Income Level Knoxville MSA AA					
Borrower Income Level	% of Households	#	%	\$(000s)	%
Low	23.2	0	0.0	0	0.0
Moderate	15.4	1	5.5	52	2.9
Middle	17.2	3	16.7	160	9.0
Upper	44.2	14	77.8	1,572	88.1
Not Available	0.0	0	0.0	0	0.0
Totals	100.0	18	100.0	1,784	100.0
Source: 2020 U.S. Census data and 2022 Bank data Due to rounding, totals may not equal 100.0 percent					

Community Development Loans

The institution has made an adequate level of CD loans in the Knoxville MSA AA. The adequate levels of CD loans and responsiveness to AA needs supports this conclusion.

As seen in the following table, SEB originated nine CD loans totaling approximately \$60.0 million in the Knoxville MSA AA. By dollar volume, this equates to 48.9 percent of the institution's total CD loans compared to 46.8 percent of the total loans in this AA, reflecting adequate performance. The level of CD lending in this AA decreased since the previous evaluation where the bank granted 13 loans totaling \$85.4 million; however, the timeframes for each evaluation period is not consistent.

The following table shows the CD loans by CD category in the Knoxville MSA AA.

Community Development Lending – Knoxville MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	1	25,175	0	0	1	2,000	1	124	3	27,299
2022	2	402	0	0	1	22,000	1	7,600	4	30,002
2023	0	0	1	173	1	2,541	0	0	2	2,714
Total	3	25,577	1	173	3	26,541	2	7,724	9	60,015
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The CD loans reflect adequate responsiveness to AA CD needs. 2.9 percent of the dollar volume of CD loans helped community services targeted to LMI individuals. This is an identified need of the AA.

The following points provide examples of notable CD loans in the Knoxville MSA AA.

- **Community Services** – The bank originated a loan for \$173,400 that will be used for temporary housing, counseling, and financial training for LMI women.
- **Revitalize or Stabilize** – The bank originated a \$7.6 million loan to construct 20 townhouse units located in a low-income CT and designated Opportunity Zone, attracting residents to the low-income area.
- **Economic Development** – The bank originated a loan to purchase and redevelop a historic and abandoned building to support the surrounding housing community. The property will be mixed-used with office space, retail establishments, and residential units and will promote permanent jobs for LMI individuals.

INVESTMENT TEST

SEB demonstrated a good record in the Knoxville MSA AA regarding the Investment Test. The excellent level of qualified CD investments along with adequate responsiveness and CD initiatives supports this conclusion.

Investment and Grant Activity

The bank has an excellent level of qualified CD investments and grants, often in a leadership position, particularly those that are not routinely provided by private investors in the Knoxville MSA AA. The excellent level of qualified CD investments supports this conclusion.

The following table shows that SEB made 78 qualified CD investments totaling approximately \$6.5 million in the Knoxville MSA AA. By dollar volume, this equates to 78.8 percent of the institution's total qualified CD investments as compared to 40.5 percent of the deposits in this AA. The level of qualified CD investments in this AA increased since the previous evaluation where the bank granted 63 qualified CD investments totaling \$5.0 million. Considering that this evaluation period is less than the previous evaluation cycle, the level is excellent.

The following table provides qualified CD investments by category in the Knoxville MSA AA.

Qualified Investments – Knoxville MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	1	331	0	0	0	0	0	0	1	331
2022	2	1,451	0	0	0	0	0	0	2	1,451
2023	2	3,463	0	0	0	0	0	0	2	3,463
Subtotal	5	5,245	0	0	0	0	0	0	5	5,245
Qualified Grants & Donations	10	99	60	873	3	284	0	0	73	1,256
Total	15	5,344	60	873	3	284	0	0	78	6,501
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following provides notable examples of qualified CD investments in the Knoxville MSA AA.

- ***Affordable Housing*** – The bank made a \$2.6 million equity investment for a 72-unit affordable housing project located within the AA.
- ***Community Service*** – SEB made a \$110,000 donation to a local food bank that serves LMI individuals within the AA, providing a community service to LMI areas and individuals.

Responsiveness to Credit and Community Development Needs

SEB exhibits adequate responsiveness to credit and CD needs in the Knoxville MSA AA. The bank provided 13.4 percent of all qualified CD investments in the AA towards community services, which is an identified need of the AA.

Community Development Initiatives

SEB occasionally uses innovative or complex investments to support CD initiatives in the Knoxville MSA AA. For example, the bank continued its commitment from the previous evaluation by purchasing equity investments to assist with the construction of affordable housing units. This type of investment is not routinely provided by the private sector.

SERVICE TEST

SEB demonstrated an adequate record for the Knoxville MSA AA regarding CD services. The adequate levels regarding CD services and business hours and services outweigh the poor accessibility of delivery systems to primarily support this conclusion.

Accessibility of Delivery Systems

Delivery systems are accessible to limited portions of the Knoxville MSA AA. The limited branch access and limited alternative delivery systems support this conclusion.

The bank makes the five full-service offices accessible to limited portions of the Knoxville MSA AA. The limited level of branch access in moderate-income CTs outweighed the accessibility of branches in low-income tracts to support this conclusion.

In low-income CTs, there are no branches, which falls below the level of population by only 7.0 percentage points, reflecting a reasonable level. In moderate-income CTs, there are no branches, which calls below the level of population by 11.4 percentage points, reflecting a poor level. Examiners weighed the level of branches in moderate-income CTs heavier as the population is higher in these CTs, reflecting more opportunities for banking needs.

Branch and ATM Distribution by Geography Income Level												
Knoxville MSA AA												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	12	8.9	37,467	7.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	17	12.6	60,805	11.4	0	0.0	0	0.0	0	0.0	0	0.0
Middle	54	40.0	222,180	41.6	2	40.0	2	40.0	0	0.0	0	0.0
Upper	48	35.5	200,911	37.6	3	60.0	3	60.0	0	0.0	0	0.0
NA	4	3.0	12,494	2.4	0	0.0	0	0.0	0	0.0	0	0.0
Totals	135	100.0	533,857	100.0	5	100.0	5	100.0	0	0.0	0	0.0
<i>Source: 2020 U.S. Census data and Bank data Due to rounding, totals may not equal 100.0 percent</i>												

The bank has limited accessibility for alternative delivery systems in the Knoxville MSA AA. The limited level of ATMs outweighed the adequate level of other retail banking services through alternative delivery systems to support this conclusion.

In low-income CTs, the level of ATMs falls below the population level by 7.0 percentage points, reflecting an adequate level. In moderate-income CTs, the level of ATMs falls below the population level by 11.4 percentage points, reflecting a poor level.

The bank offers other alternative delivery systems similar to those discussed at the overall level. Refer to the Service Test sections, discussed previously, for specific details of retail banking systems available through alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. No branch changes occurred in the Knoxville MSA AA; therefore, this criterion held little weight in determining the overall Service Test conclusion for the Knoxville MSA AA.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences portions of the Knoxville MSA AA, particularly, LMI geographies and individuals.

The Knoxville MSA AA reflects product offerings, services, and branch hours generally consistent with discussions at the institution level. The five branches in the Knoxville MSA AA offer the same hours from Monday through Friday. None of the branches offer Saturday hours.

Community Development Services

The institution provides an adequate level of CD services in the Knoxville MSA AA. Adequate performance regarding the extent of CD services outweighed the good responsiveness of CD services to support this conclusion.

The bank provided 26 CD services since the previous evaluation. This equates to 40.6 percent of the total CD services which is higher than the 35.7 percent of branches in this AA, reflecting an adequate level. The level of CD services in this AA decreased since the previous evaluation where the bank provided 60 CD services, but still remains adequate. The evaluation review periods are inconsistent between this evaluation and the previous evaluation.

The majority of CD services, at 84.6 percent, benefited community services targeted to LMI individuals, which is a need of the AA. This demonstrates the institution's good responsiveness to CD needs.

The following table provides CD services by category within the Knoxville MSA AA.

Community Development Services – Knoxville MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	0	0	0	0
2022	2	18	1	0	21
2023	1	4	0	0	5
Total	3	22	1	0	26
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>					

The following provides notable examples of CD services in the Knoxville MSA AA.

- **Community Service** – Bank employees serve as a Director Chair and a Finance Committee member of a non-profit organization that works to assist low-income families within the AA.
- **Affordable Housing** – A bank employee serves on the Board of Directors as Chair of the Development Committee for an organization that builds housing for low-income families within the AA.

TENNESSEE NON-MSA AA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE TENNESSEE NON-MSA AA

The Tennessee Non-MSA AA consists of all 41 CTs that make up McMinn, Meigs, and Putnam Counties in the non-MSA areas of Tennessee. This is an increase from the 34 CTs using the 2015 ACS data from the previous evaluation.

Economic and Demographic Data

The AA CTs reflect the following income designations based on 2015 ACS data: seven moderate-, 20 middle-, and seven upper-income tracts. According to the 2020 U.S. Census data, this same AA reflects the following changes to the income designation: six moderate-, 29 middle-, and six upper-income tracts. FEMA declared Putnam County as a major disaster area on March 8, 2023, due to severe storms.

The following table notes certain demographic data for this area.

Demographic Information of the Assessment Area						
Tennessee Non-MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	41	0.0	14.6	70.7	14.6	0.0
Population by Geography	178,758	0.0	15.0	70.8	14.2	0.0
Housing Units by Geography	79,039	0.0	13.9	71.9	14.1	0.0
Owner-Occupied Units by Geography	45,490	0.0	14.1	65.0	20.9	0.0
Occupied Rental Units by Geography	21,794	0.0	27.4	60.0	12.6	0.0
Vacant Units by Geography	8,712	0.0	12.7	74.8	12.5	0.0
Businesses by Geography	11,374	0.0	26.8	49.0	24.2	0.0
Farms by Geography	414	0.0	14.7	68.1	17.1	0.0
Family Distribution by Income Level	44,053	22.1	16.7	18.9	42.3	0.0
Household Distribution by Income Level	70,327	23.7	16.0	17.4	42.9	0.0
Median Family Income Non-MSAs		\$56,418	Median Housing Value			\$148,739
			Median Gross Rent			\$727
			Families Below Poverty Level			12.1%
Source: 2015 ACS data, 2020 U.S. Census data, and 2021 D&B data Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification						

Currently, major employers in the Tennessee Non-MSA AA consist of DENSO, Shaw Industries Group, Tennessee Technology University, and La-Z-Boy. The Tennessee Non-MSA AA unemployment rate of 3.3 percent in 2021 is below the U.S. rate of 3.9 percent and above the State of Tennessee unemployment rate of 3.1 percent. In 2022, the Tennessee Non-MSA AA unemployment rate of 3.8 percent is above both the U.S. rate at 3.5 percent and the State of Tennessee rate at 2.9 percent.

The FFIEC reported 2021 and 2022 median family income for the Tennessee Non-MSA AA of \$53,700 and \$64,700, respectively. The following table denotes the income ranges for the low-, moderate-, middle-, and upper-income designations.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Tennessee Non-MSA AA Median Family Income (99999)				
2021 (\$53,700)	<\$26,850	\$26,850 to <\$42,960	\$42,960 to <\$64,440	≥\$64,440
2022 (\$64,700)	<\$32,350	\$32,350 to <\$51,760	\$51,760 to \$77,640	≥\$77,640
<i>Source: FFIEC</i>				

Competition

The area contains a low level of competition from other chartered banks based on its population with each of the 54 offices from 22 institutions serving about 3,156 people on average. SEB ranks first in deposit market share with 15.6 percent of the AA deposits based on the June 30, 2022, FDIC Summary of Deposits data. The 2021 small business and peer mortgage data indicate there are 90 small business reporting lenders and 396 home mortgage loan reporters in this AA. Overall, the competition level allows for lending opportunities.

Community Contact

Examiners utilized information obtained from a human resource organization serving all of the following Tennessee Counties: Bledsoe, Bradley, Franklin, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea, and Sequatchie. The agency's mission is to strengthen Tennessee by creating programs to empower families in these areas. More specifically, the agency devotes resources for social service programs including employment and education.

The contact said a need exists for safe and affordable housing in the area. He stated that programs are needed for first time homebuyers as well as low interest rate consumer loans. Banking for low-income individuals is a critical need for the area. The contact also felt that small businesses in the area are in need of funding. He added that the PPP loans assisted the community, however, he realized that several small businesses who needed the funds did not receive any.

The contact did not acknowledge any issues pertaining to any of the local financial institutions. There were no specific banks in the area that he chose to mention during this discussion.

Credit and Community Development Needs and Opportunities

The Tennessee Non-MSA AA created varied loan demand for small business and home mortgage loans. Considering information from bank management and demographic and economic information, examiners ascertained that the primary credit needs of the area include small business and home mortgage loans.

Demographic data indicates that 38.8 percent of AA families received a designation of low- or moderate-income, with 12.1 percent below the poverty level. In addition, 14.6 percent of the area's CTs received moderate-income designations. This signifies a continued need for community services targeting LMI individuals.

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE TENNESSEE NON-MSA AA

LENDING TEST

SEB demonstrated a good record in the Tennessee Non-MSA AA, regarding the Lending Test. Good records regarding geographic distribution and borrower profile and excellent lending activity outweigh the poor level of CD loans to support this conclusion. For the Tennessee Non-MSA AA, examiners did not review student lending performance, as there was a limited level of student loans in this AA.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs in the Tennessee Non-MSA AA. Excellent performance regarding small business and home mortgage loans support this conclusion. Examiners considered the bank's size, business strategy, and capacity in this AA relative to the credit needs when arriving at this conclusion.

Small Business Loans

The institution originated 121 small business loans totaling approximately \$12.6 million. SEB's lending activity ranked eighth out of 90 reporting lenders in the Tennessee Non-MSA AA, which positions SEB in the top 10.0 percent of lenders reporting small business loans reflecting excellent performance.

Home Mortgage Loans

The institution originated 59 mortgage loans totaling approximately \$9.9 million in 2021. SEB ranked 35th out of 396 reporting lenders in the Tennessee Non-MSA AA, which positions SEB in the top 10.0 percent of lenders reporting home mortgage loans reflecting excellent performance.

Geographic Distribution

The geographic distribution of loans reflects good penetration throughout the Tennessee Non-MSA AA. Good penetration for both small business and home mortgage loans support this conclusion.

Small Business Loans

The geographic distribution of small business loans reflects good penetration throughout the Tennessee Non-MSA AA. Good penetration in moderate-income CTs supports this conclusion.

As seen in the following table, the lending level in moderate-income CTs is 7.7 percentage points above aggregate data, reflecting good penetration.

Geographic Distribution of Small Business Loans Tennessee Non-MSA AA						
Tract Income Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	26.8	23.7	38	31.4	4,194	33.2
Middle	49.0	53.3	59	48.8	7,109	56.2
Upper	24.2	23.0	24	19.8	1,338	10.6
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	121	100.0	12,641	100.0
Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent						

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects good penetration throughout the Tennessee Non-MSA AA. Good penetration in moderate-income CTs supports this conclusion.

As seen in the following table, the lending level in moderate-income CTs is 12.1 percentage points above aggregate data, reflecting good penetration.

Geographic Distribution of Home Mortgage Loans Tennessee Non-MSA AA						
Tract Income Level	% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low	0.0	0.0	0	0.0	0	0.0
Moderate	14.1	13.3	15	25.4	2,035	20.4
Middle	65.0	64.7	26	44.1	4,277	42.9
Upper	20.9	22.0	18	30.5	3,666	36.7
Not Available	0.0	0.0	0	0.0	0	0.0
Totals	100.0	100.0	59	100.0	9,978	100.0
Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent						

Borrower Profile

The distribution of borrowers reflects, given the product lines offered by the institution, good penetration among business customers of different sizes and retail customers of different income levels in the Tennessee Non-MSA AA. Good penetration in small business loans outweighed adequate penetration in home mortgage loans to support this conclusion.

Small Business Loans

The distribution of small business loans, based on the borrowers' profiles, reflects good performance in the Tennessee Non-MSA AA. Good performance to businesses with gross annual revenues of \$1.0 million or less supports this conclusion.

As shown in the following table, the level of lending to businesses with gross annual revenues of \$1.0 million or less is 12.4 percentage points higher than the aggregate level, reflecting a good level.

Distribution of Small Business Loans by Gross Annual Revenue Category Tennessee Non-MSA AA						
Gross Revenue Level	% of Businesses	Aggregate Performance % of #	#	%	\$(000s)	%
<=\$1,000,000	84.0	55.4	82	67.8	4,807	38.0
>\$1,000,000	3.9	--	22	18.2	5,256	41.6
Revenue Not Available	12.2	--	17	14.0	2,578	20.4
Totals	100.0	100.0	121	100.0	12,641	100.0
<i>Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data Due to rounding, totals may not equal 100.0 percent</i>						

Home Mortgage Loans

The distribution of home mortgage loans, based on the borrowers' profiles, reflects adequate penetration among borrowers of different income levels in the Tennessee Non-MSA AA. Adequate penetration among both LMI borrowers support this conclusion.

The following table shows that the lending to low-income borrowers falls below aggregate data by only 1.5 percentage points, reflecting adequate performance. To moderate-income borrowers, the lending falls below aggregate data by only 0.1 percentage points, also reflecting adequate performance.

Distribution of Home Mortgage Loans by Borrower Income Level Tennessee Non-MSA AA						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low	22.1	3.2	1	1.7	133	1.3
Moderate	16.7	12.0	7	11.9	471	4.7
Middle	18.9	20.2	15	25.4	1,990	20.0
Upper	42.3	43.1	33	55.9	6,799	68.1
Not Available	0.0	21.5	3	5.1	585	5.9
Totals	100.0	100.0	59	100.0	9,978	100.0
<i>Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data Due to rounding, totals may not equal 100.0 percent</i>						

Community Development Loans

The institution has made a low level of CD loans in the Tennessee Non-MSA AA. The poor level of CD loans and the poor responsiveness support this conclusion.

As seen in the following table, SEB originated four CD loans totaling approximately \$11.2 million in the Tennessee Non-MSA AA. By dollar volume, this equates to 9.1 percent of the institution's total CD loans compared to 19.3 percent of the total loans in this AA and reflects poor performance. The level of CD lending in this AA increased since the previous evaluation where the bank granted nine loans totaling \$9.0 million; however, still reflects a low level.

The following table shows the CD loans by CD category in the Tennessee Non-MSA AA.

Community Development Lending – Tennessee Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2021	0	0	0	0	2	5,100	0	0	2	5,100
2022	0	0	0	0	2	6,061	0	0	2	6,061
2023	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	4	11,161	0	0	4	11,161
Source: Bank data (9/27/2021 – 04/24/2023)										

The CD loans reflect poor responsiveness to AA CD needs. None of the of the CD loans helped community services targeted to LMI individuals, which is the only identified need of the AA.

The following lists examples of CD loans in the Tennessee Non-MSA AA.

- ***Economic Development*** – The bank renewed a master line of credit in the amount of \$5.1 million for a CDFI that supports the redevelopment of vacant commercial and manufacturing real estate, creating small business and employment opportunities for the AA.
- ***Economic Development*** – The bank increased a CDFI master line of credit to \$3.2 million. The funds are targeted to be deployed as loans by the Tennessee Rural Development Foundation within the AA.

INVESTMENT TEST

SEB demonstrated a very poor record in the Tennessee Non-MSA AA regarding the Investment Test. The very poor levels of qualified CD investments and innovative or complex qualified CD investments outweighed the adequate responsiveness to CD needs to support this conclusion.

Investment and Grant Activity

SEB has few, if any, qualified CD investments and grants, particularly those that are not routinely provided by private investors in the Tennessee Non-MSA AA. The lack of investments and donations in this AA supports this conclusion.

As seen in the following table, SEB made 35 qualified CD investments totaling \$332,000. By dollar volume, this equates to 4.0 percent of the total qualified CD investments compared to 39.1 percent of the total deposits in this AA, which reflects a very poor level. The level of qualified CD investments in this AA increased by dollar volume since the previous evaluation where the bank granted 50 qualified CD investments totaling \$271,000.

The following table provides qualified CD investments by category in the Tennessee Non-MSA AA.

Qualified Investments – Tennessee Non-MSA AA										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	0	0	0	0
2021	0	0	0	0	0	0	0	0	0	0
2022	0	0	0	0	0	0	0	0	0	0
2023	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	0	0	0	0
Qualified Grants & Donations	4	0	27	75	3	256	1	1	35	332
Total	4	0	27	75	3	256	1	1	35	332
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>										

The following lists an examples of notable qualified CD investments in the Tennessee Non-MSA AA.

- ***Community Services*** – SEB provided for 13 scholarship programs totaling approximately \$71,000 to various colleges and universities in the AA. Students must reside in the AA and have household incomes that would qualify them as living in an LMI household.
- ***Economic Development*** – The bank invested \$255,000 in a CDFI with the primary purpose of providing affordable capital to spur business growth and expansion and provide funds to create jobs for low-income individuals in the AA.

Responsiveness to Credit and Community Development Needs

SEB exhibits adequate responsiveness to credit and CD needs in the Tennessee Non-MSA AA. The bank provided 22.6 percent of all qualified CD investments in the AA towards community services, which is an identified need of the AA.

Community Development Initiatives

SEB does not use innovative or complex investments to support CD initiatives in the Tennessee Non-MSA AA.

SERVICE TEST

SEB demonstrated an adequate record for the Tennessee Non-MSA AA regarding the Service Test. The adequate level regarding CD services and adequate business hours and services outweigh the excellent accessibility of delivery systems to primarily support this conclusion.

Accessibility of Delivery Systems

Delivery systems are readily accessible to all portions of the Tennessee Non-MSA AA. The excellent branch accessibility and good alternative delivery systems support this conclusion.

The bank makes the six full-service offices readily accessible to all portions of the Tennessee Non-MSA AA. The excellent accessibility of branches in the moderate-income tracts supports this conclusion.

In moderate-income CTs, the level of branches rises above the level of population by 18.3 percentage points, reflecting an excellent level.

Branch and ATM Distribution by Geography Income Level												
Tennessee Non-MSA AA												
Tract Income Level	Census Tracts		Population		Branches		ATMs		Open Branches		Closed Branches	
	#	%	#	%	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	6	14.6	26,842	15.0	2	33.3	2	33.3	0	0.0	0	0.0
Middle	29	70.7	126,565	70.8	2	33.3	2	33.3	0	0.0	0	0.0
Upper	6	14.6	25,351	14.2	2	33.3	2	33.3	0	0.0	0	0.0
NA	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Totals	41	100.0	178,758	100.0	6	100.0	6	100.0	0	0.0	0	0.0
<i>Source: 2020 U.S. Census data and Bank data Due to rounding, totals may not equal 100.0 percent</i>												

The bank has good accessibility for alternative delivery systems in the Tennessee Non-MSA AA. The excellent level of ATMs and the adequate level of other retail banking services through alternative delivery systems to support this conclusion.

In moderate-income CTs, the level of ATMs rises above the population level by 18.3 percentage points, reflecting an excellent level.

The bank offers other alternative delivery systems similar to those discussed at the overall level. Refer to the Service Test sections, discussed previously, for specific details of retail banking systems available through alternative delivery systems.

Changes in Branch Locations

To the extent changes have been made, the institution's opening and closing of branches has generally not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and to LMI individuals. No branch changes occurred in the Tennessee Non-MSA AA; therefore, this criterion held little weight in determining the overall Service Test conclusion for the Tennessee Non-MSA AA.

Reasonableness of Business Hours and Services

Services (including where appropriate, business hours) do not vary in a way that inconveniences portions of the Tennessee Non-MSA AA, particularly LMI geographies or individuals.

The Tennessee Non-MSA AA reflects product offerings, services, and branch hours generally consistent with discussions at the institution level. The six branches in the Tennessee Non-MSA AA mostly offer the same hours from Monday through Friday including Saturday hours.

Community Development Services

The institution provides an adequate level of CD services in the Tennessee Non-MSA AA. A poor level regarding the extent of CD services and the good responsiveness of CD services support this conclusion.

The bank provided 21 CD services in the Tennessee Non-MSA AA since the previous evaluation. This number equates to 32.8 percent of the total CD services as compared to 42.9 percent of the branches in this AA, reflecting a poor level. The level of CD services in this AA decreased since the previous evaluation where the bank provided 48 CD services.

The majority of CD services, at 71.4 percent, benefited community services targeted to LMI individuals, which is a need of the AA. This demonstrates good responsiveness to CD needs.

The following table provides the CD services by category within the Tennessee Non-MSA AA.

Community Development Services – Tennessee Non MSA AA					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2021	0	0	0	0	0
2022	0	12	2	1	15
2023	0	3	2	1	6
Total	0	15	4	2	21
<i>Source: Bank data (09/27/2021 – 04/24/2023)</i>					

The following are notable examples of CD services specific to the Tennessee Non-MSA AA:

- **Community Services** – Three bank employees taught financial classes at Title 1 schools.
- **Community Services** – A bank employee serves on the Board and as Treasurer for a non-profit organization that provides housing for low-income individuals and operates a thrift store for LMI individuals.

CLEVELAND MSA AA – Limited-Scope Review

CONCLUSIONS ON PERFORMANCE CRITERIA IN THE LIMITED-SCOPE REVIEW ASSESSMENT AREAS

The following table summarizes the conclusions for the Cleveland MSA AA, which was reviewed using limited-scope procedures. Examiners determined conclusions regarding the CRA performance from reviewing available facts and data, including performance figures, aggregate lending data comparisons, and demographic information. The conclusions did not alter the overall performance rating

Assessment Area	Lending Test	Investment Test	Service Test
Cleveland MSA	Consistent	Consistent	Consistent

Facts and data supporting conclusions for the limited-scope AA follow, including a summary of SEB's operations and activities. The demographic data for the limited-scope AA is in Appendix C.

Cleveland MSA AA

The Cleveland MSA AA consists of all of Bradley County. This is one of the two counties that make up the Cleveland, Tennessee MSA. The bank operates one branch in this AA and engaged in the following activities in the AA during the review period.

Activity	#	\$(000s)
Small Business Loans	72	6,266
Home Mortgage Loans	50	7,405
Small Farm Loans	2	104
Student Loans	2	79
Community Development Loans	3	10,416
Investments	27	206
CD Services	8	-
<i>Source: Bank data</i>		

The branch distribution and alternative delivery systems for the Cleveland MSA AA are consistent with the institution overall. Similarly, the service hours and loan and deposit products are consistent with those described at the institution level.

Geographic Distribution

Small Business

Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography																	2021		
	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area	#	\$	% of Total	Overall Market	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate	% Business	% Bank Loans	Aggregate
Cleveland MSA	43	2,801	100.0	1,856	7.7	2.3	6.5	10.9	11.6	10.3	48.6	23.3	43.8	32.8	62.8	39.5	0.0	0.0	0.0
Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data																			
Due to rounding, totals may not equal 100.0 percent																			

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography																2021			
	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
Assessment Area	#	\$	% of Total	Overall Market	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate	% of Owner-Occupied Housing Units	% Bank Loans	Aggregate
Cleveland MSA	16	3,934	100.0	5,709	4.7	6.3	4.2	3.2	6.3	3.7	45.6	37.5	42.8	46.4	50.0	49.3	0.0	0.0	0.0
Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data																			
Due to rounding, totals may not equal 100.0 percent																			

Borrower Profile

Small Business

Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2021
	Total Loans to Small Businesses				Businesses with Revenues <= IMM			Businesses with Revenues > IMM		Businesses with Revenues Not Available	
Assessment Area	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans
Cleveland MSA	43	2,801	100.0	1,856	86.0	74.4	49.7	4.1	18.6	9.9	7.0

Source: 2021 D&B data, 2021 CRA Aggregate data, and 2021 CRA data
Due to rounding, totals may not equal 100.0 percent

Home Mortgage Loans

Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower																			2021
	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
Assessment Area	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
Cleveland MSA	16	3,934	100.0	5,702	22.2	0.0	3.3	16.8	0.0	14.3	18.4	12.5	19.4	42.6	68.8	39.5	0.0	18.8	23.4

Source: 2015 ACS data, 2021 HMDA Aggregate data, and 2021 HMDA LAR data
Due to rounding, totals may not equal 100.0 percent

APPENDICES

LARGE BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) through its lending activities by considering a bank's home mortgage, small business, small farm, and community development lending. If consumer lending constitutes a substantial majority of a bank's business, the FDIC will evaluate the bank's consumer lending in one or more of the following categories: motor vehicle, credit card, other secured, and other unsecured. The bank's lending performance is evaluated pursuant to the following criteria:

- 1) The number and amount of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, in the bank's assessment area;
- 2) The geographic distribution of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on the loan location, including:
 - i. The proportion of the bank's lending in the bank's assessment area(s);
 - ii. The dispersion of lending in the bank's assessment areas(s); and
 - iii. The number and amount of loans in low-, moderate-, middle- and upper-income geographies in the bank's assessment area(s);
- 3) The distribution, particularly in the bank's assessment area(s), of the bank's home mortgage, small business, small farm, and consumer loans, if applicable, based on borrower characteristics, including the number and amount of:
 - i. Home mortgage loans low-, moderate-, middle- and upper-income individuals
 - ii. Small business and small farm loans to businesses and farms with gross annual revenues of \$1 million or less;
 - iii. Small business and small farm loans by loan amount at origination; and
 - iv. Consumer loans, if applicable, to low-, moderate-, middle- and upper-income individuals;
- 4) The bank's community development lending, including the number and amount of community development loans, and their complexity and innovativeness; and
- 5) The bank's use of innovative or flexible lending practices in a safe and sound manner to address the credit needs of low- and moderate-income individuals or geographies.

Investment Test

The Investment Test evaluates the institution's record of helping to meet the credit needs of its assessment area(s) through qualified investments that benefit its assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s). Activities considered under the Lending or Service Test may not be considered under the investment test. The bank's investment performance is evaluated pursuant to the following criteria:

- 1) The dollar amount of qualified investments;
- 2) The innovativeness or complexity of qualified investments;
- 3) The responsiveness of qualified investments to available opportunities; and
- 4) The degree to which qualified investments are not routinely provided by private investors.

Service Test

The Service Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by analyzing both the availability and effectiveness of the bank's systems for delivering retail banking services and the extent and innovativeness of its community development services.

The bank's retail banking services are evaluated pursuant to the following criteria:

- 1) The current distribution of the bank's branches among low-, moderate-, middle-, and upper-income geographies;
- 2) In the context of its current distribution of the bank's branches, the bank's record of opening and closing branches, particularly branches located in low- or moderate-income geographies or primarily serving low- or moderate-income individuals;
- 3) The availability and effectiveness of alternative systems for delivering retail banking services (*e.g.*, RSFs, RSFs not owned or operated by or exclusively for the bank, banking by telephone or computer, loan production offices, and bank-at-work or bank-by-mail programs) in low- and moderate-income geographies and to low- and moderate-income individuals; and
- 4) The range of services provided in low-, moderate-, middle-, and upper-income geographies and the degree to which the services are tailored to meet the needs of those geographies.

The bank's community development services are evaluated pursuant to the following criteria:

- 1) The extent to which the bank provides community development services; and
- 2) The innovativeness and responsiveness of community development services.

SCOPE OF EVALUATION

SouthEast Bank	
Scope of Examination: Full-scope reviews were performed on following AAs: <ul style="list-style-type: none"> • Chattanooga MSA AA • Knoxville MSA AA • Tennessee Non-MSA AA 	
Time Period Reviewed:	09/27/2021 to 04/24/2023
Products Reviewed: Home Mortgage Loans: 01/01/2021 – 12/31/2022 Small Business Loans: 01/01/2021 – 12/31/2022 Student Loans: 01/01/2021 – 12/31/2022	

List of Assessment Areas and Type of Evaluation			
Assessment Area	Type of Evaluation	Branches Visited	Other Information
Chattanooga MSA	Full-scope	None	None
Cleveland MSA	Limited-scope	None	None
Knoxville MSA	Full-scope	None	None
Tennessee Non-MSA	Full-scope	None	None

DESCRIPTION OF LIMITED-SCOPE ASSESSMENT AREAS

CLEVELAND MSA AA

The Cleveland MSA AA consists of all of Bradley County. Demographic data for this AA is included in the following table.

Demographic Information of the Assessment Area						
Cleveland MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	25	4.0	20.0	64.0	12.0	0.0
Population by Geography	108,620	2.6	17.1	66.4	13.9	0.0
Housing Units by Geography	44,149	2.7	16.2	67.4	13.6	0.0
Owner-Occupied Units by Geography	25,108	4.7	3.2	45.6	46.4	0.0
Occupied Rental Units by Geography	13,518	6.3	32.2	55.0	6.5	0.0
Vacant Units by Geography	3,419	4.4	20.4	62.6	12.6	0.0
Businesses by Geography	7,903	7.7	10.9	48.6	32.8	0.0
Farms by Geography	268	1.1	2.6	46.3	50.0	0.0
Family Distribution by Income Level	26,469	22.2	16.8	18.4	42.6	0.0
Household Distribution by Income Level	40,730	22.3	16.2	18.8	42.6	0.0
Median Family Income MSA – 17420 Cleveland, TN MSA		\$63,243	Median Housing Value			\$166,484
			Median Gross Rent			\$802
			Families Below Poverty Level			11.0%
Source: 2015 ACS data, 2020 U.S. Census data, and 2021 D&B data Due to rounding, totals may not equal 100.0 percent (*) The NA category consists of geographies that have not been assigned an income classification						

The area contains a low level of competition from other chartered banks based on its population with each of the 29 offices from 14 institutions serving about 3,519 people on average. SEB ranks seventh in deposit market share with 5.5 percent of AA deposits based on the June 30, 2022, FDIC Summary of Deposits data. The 2021 small business and peer mortgage data indicate there are 67 small business reporting lenders and 306 home mortgage loan reporters in this AA. Overall, the competition level allows for lending opportunities.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

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.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

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 non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family 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).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

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 applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

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.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Micropolitan Statistical Area: CBSA associated with at least one urbanized area having a population of at least 10,000, but less than 50,000.

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 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 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as non-MSA): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

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 lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: 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, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area’s population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

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

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

“Urban” excludes the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.