

PUBLIC DISCLOSURE

January 28, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Southern Bank of Tennessee
675 North Mount Juliet Road
Mount Juliet, Tennessee 37122**

RSSD ID NUMBER: 2793593

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

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

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INSTITUTION'S CRA RATING

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

Major factors supporting the institution's rating include the following:

- The bank's loan-to-deposit ratio is more than reasonable.
- A majority of loans are made in the assessment areas.
- The geographic distribution of loans reflects reasonable dispersion.
- The distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes.
- The bank has not received any CRA-related complaints since the previous evaluation.

INSTITUTION

SCOPE OF EXAMINATION

The CRA performance evaluation assesses the bank's record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, within the context of information such as asset size and financial condition of the institution, competitive factors, and the economic and demographic characteristics of its defined assessment areas. This CRA performance review was based on the bank's lending performance in its assessment area using the Interagency Small Institution Examination Procedures. The rating was assessed using the following core criteria developed for evaluating CRA lending performance for small banks:

- Net loan-to-deposit ratio
- Lending inside the assessment area
- Lending to borrowers of different incomes and businesses of different sizes
- Geographic distribution of loans
- Responsiveness to complaints received regarding CRA activities, if applicable

Southern Bank of Tennessee has two assessment areas for CRA purposes: Nashville and Knoxville. The Nashville assessment area was reviewed using full-scope procedures, while the Knoxville assessment area was reviewed using limited-scope procedures. When determining the overall rating, greater weight was placed on the bank's performance in the Nashville assessment area because a majority of the bank's loans and deposits are generated there.

Given the bank's asset size and offices located in a metropolitan statistical area (MSA), it submits annual reports about its residential real estate loan originations and applications, pursuant to the Home Mortgage Disclosure Act (HMDA). These loans are referred to as "HMDA" loans in this evaluation. A small business loan is defined as a business loan with an original amount of \$1 million or less and typically is either secured by nonfarm or nonresidential real estate or classified as a commercial loan. The evaluation included an analysis of the bank's HMDA and small business loans originated from January 1, 2014, through December 31, 2017.

Also, as part of this evaluation, several community contacts were made with local community and economic development representatives who are familiar with the economic and demographic characteristics as well as community development opportunities in the full-scope assessment area. Information obtained from these contacts was used to establish a context for the communities in which the bank operates and to gather information on the bank's performance. Specific information obtained from the community contacts is included in the applicable section of the evaluation for the full-scope assessment area.

DESCRIPTION OF INSTITUTION

Established in March 2009, Southern Bank of Tennessee is a small community bank headquartered in Mount Juliet, Tennessee. Its primary market is Middle Tennessee; however, the bank also has a presence in the Knoxville MSA. As of September 30, 2018, the bank had \$271.1 million in total assets, an increase of approximately \$111.0 million since the bank's last CRA evaluation conducted on October 20, 2014. Southern Bank of Tennessee is a full-service bank that offers a wide variety of credit products to meet community credit needs. The bank's core business focus includes community bank-based products such as deposit accounts with internet access and bill pay capacity; small business deposit products that include ACH origination and remote deposit capture; loans to small businesses; construction and real estate loans; and loans to consumers, such as home equity lines of credit. The bank also offers mortgage products.

Branch Offices

Southern Bank of Tennessee operates four banking offices. The main office is located in Mount Juliet, Tennessee, and additional branches are located in the cities of Lebanon, Smyrna, and Clinton, Tennessee. All four offices have drive-thru facilities and offer extended hours on Friday. The Clinton office also has a cash-dispensing automated teller machine (ATM). The bank has not opened or closed any branches since the previous evaluation.

Loan Portfolio

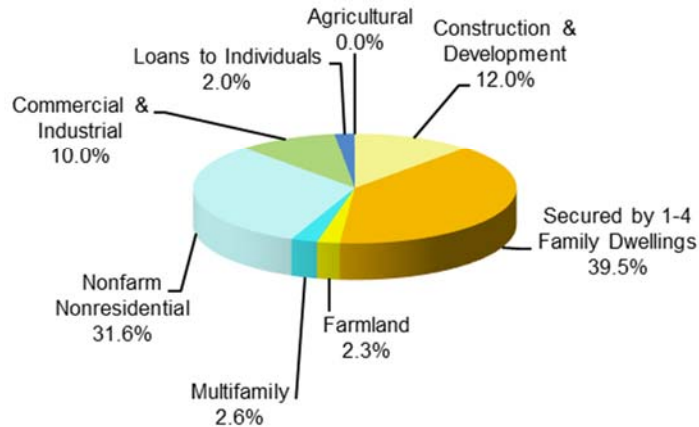
The following table shows the composition of the loan portfolio according to the Consolidated Reports of Condition and Income (Call Report).

COMPOSITION OF LOAN PORTFOLIO										
Loan Type	9/30/2018		12/31/2017		12/31/2016		12/31/2015		12/31/2014	
	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent	\$ (000s)	Percent
Construction and Development	25,255	12.0%	27,398	13.9%	23,374	12.9%	21,046	12.9%	18,284	13.8%
Secured by One- to Four- Family Dwellings	83,313	39.5%	76,578	38.7%	75,171	41.5%	62,851	38.6%	51,053	38.5%
Other Real Estate: Farmland	4,769	2.3%	4,658	2.4%	5,431	3.0%	4,772	2.9%	5,099	3.8%
Multifamily	5,588	2.6%	6,296	3.2%	5,029	2.8%	7,287	4.5%	3,604	2.7%
Nonfarm nonresidential	66,636	31.6%	59,257	30.0%	48,882	27.0%	42,837	26.3%	37,100	28.0%
Commercial and Industrial	21,059	10.0%	19,796	10.0%	20,328	11.2%	21,091	12.9%	14,489	10.9%
Loans to Individuals	4,197	2.0%	3,629	1.8%	2,880	1.6%	2,949	1.8%	2,782	2.1%
Agricultural Loans	66	0.0%	158	0.1%	120	0.1%	85	0.1%	110	0.1%
Total	\$210,883	100.00%	\$197,770	100.00%	\$181,215	100.00%	162,918	100.00%	\$132,521	100.00%

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

As illustrated by the table above, the bank is primarily focused on real estate lending. Loans secured by one- to four-family dwellings make up the largest percentage of the loan portfolio, followed by loans secured by nonfarm nonresidential properties. The composition of the bank's portfolio did not vary significantly during the review period. Total loans increased by 9.1 percent from year-end 2016 to year-end 2017. The chart below further illustrates that real estate loans, particularly loans secured by one- to four-family dwellings, are the primary types of loans originated by the bank.

**Loan Portfolio
as of
9/30/2018**



Credit Products

Southern Bank of Tennessee is a community bank that offers a wide variety of credit products to meet the credit needs of its communities, including loans secured by one- to four-family dwellings, commercial loans and loans to individuals. The bank has not introduced any new loan products since the previous evaluation.

Assessment Area

For purposes of the CRA, Southern Bank of Tennessee has defined two assessment areas, which are listed below:

- Nashville: Davidson, Wilson and Rutherford counties
- Knoxville: Anderson County

CRA Compliance

Southern Bank of Tennessee complies with the requirements of the CRA. No known legal impediments exist that would restrict the bank from meeting the credit needs of its assessment areas. The bank received a “Satisfactory” rating at its previous evaluation conducted by the Federal Reserve Bank of Atlanta dated October 20, 2014, under the small bank examination procedures.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

The bank’s overall performance is rated satisfactory. Performance context factors such as economic conditions, competition, and demographics were considered when evaluating the bank’s lending performance. The bank’s loan-to-deposit ratio is more than reasonable. Based on an analysis of HMDA-reportable loans and small business loans originated from January 1, 2014, through December 31, 2017, the geographic distribution of loans reflects reasonable penetration throughout the assessment areas. The distribution of loans reflects reasonable penetration among individuals of different income levels and businesses of different revenue sizes. A majority of loans were made in the assessment area. Additionally, the bank has not received any CRA-related complaints since the previous examination.

Loan-to-Deposit Ratio

The bank’s net loan-to-deposit ratio reflects its level of lending activity, and its lending levels show a reasonable responsiveness to meeting the overall credit needs of the assessment area. The bank’s net average loan-to-deposit ratio for the 16 quarters ending December 31, 2017, was 82.1 percent, which is considered more than reasonable given the bank’s size, financial condition, and assessment area credit needs. The bank’s loan-to-deposit ratio ranged from a high of 86.7 percent as of March 31, 2016, to a low of 73.5 percent as of March 31, 2014. The bank’s average loan-to-deposit ratio was compared with the average loan-to-deposit ratios of three other financial institutions headquartered in the assessment area and of comparable asset size. The average loan-to-deposit ratios for these three financial institutions ranged from 70.3 percent to 87.4 percent. Overall, the bank’s average loan-to-deposit ratio compares favorably to the ratios of the three comparable banks.

Assessment Area Concentration

The bank originated a majority of the total loans reviewed to borrowers and businesses in its assessment areas. The table below shows, by product type, the number, and percentage of loans reviewed that were located inside and outside of the bank’s assessment areas.

Lending Inside and Outside the Assessment Area 2014-2017

Loan Types	Inside				Outside			
	#	%	\$(000s)	%	#	%	\$(000s)	%
Home Improvement	39	90.7	\$1,762	98.2	4	9.3	\$32	1.8
Home Purchase - Conventional	396	85.7	\$80,985	84.5	66	14.3	\$14,889	15.5
Home Purchase - FHA	87	89.7	\$18,688	92.9	10	10.3	\$1,429	7.1
Home Purchase - VA	34	87.2	\$9,919	90.2	5	12.8	\$1,083	9.8
Multi-Family Housing	5	62.5	\$6,971	67.8	3	37.5	\$3,315	32.2
Refinancing	255	85.6	\$54,493	85.5	43	14.4	\$9,216	14.5
Total HMDA related	816	86.2	\$172,818	85.2	131	13.8	\$29,964	14.8
Small Business	309	83.7	\$39,679	76.2	60	16.3	\$12,416	23.8
Total Small Bus. related	309	83.7	\$39,679	76.2	60	16.3	\$12,416	23.8
TOTAL LOANS	1,125	85.5	\$212,497	83.4	191	14.5	\$42,380	16.6

Note: Affiliate loans not included

The table shows that 86.2 percent of the HMDA-reportable loans, 83.7 percent of small business loans, and 85.5 percent of total loans were to borrowers and businesses within the bank’s assessment areas. These percentages indicate the bank’s willingness to originate loans that meet the credit needs of its assessment areas.

Distribution of Lending by Geography, Borrower Income, and Business Size

The geographic distribution of HMDA and small business loans reflects reasonable penetration throughout the assessment areas, given the opportunities and competition in these markets. The distribution of lending to borrowers also reflects reasonable penetration among customers of different income levels and to businesses of different sizes. The analyses of HMDA and small business lending within each assessment area are discussed in detail later in this report.

RESPONSIVENESS TO SUBSTANTIATED COMPLAINTS

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

FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of prohibited discrimination or the use of other illegal credit practices was noted during the examination. The bank is in compliance with the substantive provisions of antidiscrimination laws and regulations.

METROPOLITAN AREA

FULL-SCOPE REVIEW

DESCRIPTION OF INSTITUTION’S OPERATIONS IN THE NASHVILLE ASSESSMENT AREA

Overview

The bank’s Nashville assessment area consists of Davidson, Wilson and Rutherford counties in Tennessee, which are located in the Nashville-Davidson-Murfreesboro-Franklin MSA. The bank added Davidson County since the previous evaluation; therefore, this will be the first evaluation that includes the Davidson County area. Southern Bank of Tennessee operates three branches in this assessment area.

Population and Income Characteristics

The 2017 population of the assessment area was estimated to be 1,144,842. Davidson County is the most populous county in the assessment area, with approximately 60.4 percent of the population. Rutherford County contains 27.7 percent of the assessment area’s population, and Wilson County contains 11.9 percent. Davidson County is the second most populous county in Tennessee, Rutherford County is fifth, and Wilson County is tenth. The state capital of Nashville, in Davidson County, is the largest city in the assessment area. With a 2017 estimated population of 667,560, it is now the largest city in the state. Rutherford County’s largest city is Murfreesboro, the county seat, and Wilson County’s largest city is Mount Juliet. All three counties in the assessment area experienced strong growth in population between 2010 and 2017, particularly Rutherford County, which saw a population increase of 20.8 percent, and Wilson County, which experienced an increase of 19.6 percent. Davidson County’s population increased 10.3 percent during the same time frame, while the population of Tennessee grew by 5.8 percent.¹

For purposes of classifying borrower income, this evaluation uses the FFIEC estimated median family income for the relevant area. The following table sets forth the estimated median family income for 2014 through 2017 for the Nashville MSA. The table also provides a range of the estimated annual family income for each income category (low, moderate, middle, and upper). The table shows that the range for each income category has increased since 2014, as well as the median family income.

Borrower Income Levels
Nashville-Davidson-Murfreesboro-Franklin, TN MSA

FFIEC Estimated Median Family Income		Low		Moderate		Middle		Upper	
		0	49.99%	50%	79.99%	80%	119.99%	120%	& above
2014	\$65,600	0	\$32,799	\$32,800	\$52,479	\$52,480	\$78,719	\$78,720	& above
2015	\$67,100	0	\$33,549	\$33,550	\$53,679	\$53,680	\$80,519	\$80,520	& above
2016	\$66,600	0	\$33,299	\$33,300	\$53,279	\$53,280	\$79,919	\$79,920	& above
2017	\$67,500	0	\$33,749	\$33,750	\$53,999	\$54,000	\$80,999	\$81,000	& above

¹ “QuickFacts: Davidson County, Rutherford County, Wilson County, Nashville-Davidson, Tennessee.” U.S. Census Bureau, n.d. Web. 10 Jan. 2019. <<https://www.census.gov/quickfacts>>.

There is some variation in the median family income for the three counties in the assessment area. The 2013–2017 estimated median family income ranged from \$65,272 in Davidson County to \$76,913 in Wilson County. The median family income in all three counties was higher than the statewide median family income of \$60,217.² The detailed median family income figures provide some perspective on the economic diversity across the assessment area, which has implications for lending opportunities.

According to 2017 FFIEC census data, 249,784 families lived in the assessment area. Of those families, 22.6 percent were low-income; 18.3 percent were moderate-income; 20.5 percent were middle-income; and 38.7 percent were upper-income. Of the total families in the assessment area, 11.4 percent had incomes below the poverty level. Additionally, 36.1 percent of families in low-income tracts and 18.4 percent of families in moderate-income tracts had incomes below the poverty level. The concentration of families living below the poverty level creates challenges to lending in low- and moderate-income tracts.

Poverty levels in the individual counties in the assessment area further illustrate the area’s economic diversity. The rapid growth in the assessment area is contributing to greater income disparities, and poverty is a concern, particularly in Davidson County. For the five-year period of 2013–2017, an estimated 12.6 percent of families in Davidson County lived below the poverty level, which was similar to the statewide poverty rate of 12.4 percent. Meanwhile, 6.9 percent of families in Wilson County and 7.8 percent of families in Rutherford County lived in poverty. Poverty rates had declined in Davidson and Rutherford counties since the previous five-year period but had risen in Wilson County.³

Assessment Area Demographics

The following tables provide demographic characteristics of the assessment area used to analyze the bank’s CRA lending performance. The first table is based on 2016 FFIEC census data⁴ along with 2016 Dun & Bradstreet (D&B) information and is used in the analysis of 2014–2016 HMDA and small business lending performance. The second table is based on the 2017 FFIEC census data⁵ and 2017 D&B information and is used in the analysis of 2017 lending performance. The release of the 2017 FFIEC census data resulted in the reclassification of the income levels of some census tracts. From 2016 to 2017, the number of moderate-income tracts increased from 50 to 61, middle-income tracts decreased from 88 to 81, and upper-income tracts decreased from 58 to 54. Certain components of the data in the tables are discussed in this evaluation as they apply to specific parts of the analysis.

² “Davidson County, Rutherford County, and Wilson County, Tennessee (U.S. Census Bureau).” *GIS Mapping and Geographic Information System Data*. The Reinvestment Fund, n.d. Web. 10 Jan. 2019. <<https://www.policymap.com/>>.

³ Ibid.

⁴ The 2016 FFIEC census data is derived from the 2010 census data and the 2006–2010 American Community Survey (ACS) five-year estimates.

⁵ The 2017 FFIEC census data is derived from the 2011–2015 ACS five-year estimates.

2014-2016

Combined Demographics Report

Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	31	13.4	22,701	9.6	8,369	36.9	52,745	22.2
Moderate-income	50	21.6	43,526	18.3	7,979	18.3	43,069	18.1
Middle-income	88	38.1	102,215	43.1	7,848	7.7	50,938	21.5
Upper-income	58	25.1	68,836	29	2,049	3	90,566	38.2
Unknown-income	4	1.7	40	0	0	0	0	0
Total Assessment Area	231	100.0	237,318	100.0	26,245	11.1	237,318	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	47,194	13,120	5.4	27.8	27,939	59.2	6,135	13
Moderate-income	90,332	37,193	15.3	41.2	42,604	47.2	10,535	11.7
Middle-income	173,389	111,549	45.9	64.3	48,823	28.2	13,017	7.5
Upper-income	112,522	81,203	33.4	72.2	23,518	20.9	7,801	6.9
Unknown-income	92	0	0	0	92	100	0	0
Total Assessment Area	423,529	243,065	100.0	57.4	142,976	33.8	37,488	8.9
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4,812	10.9	4,151	10.5	634	14.4	27	8.7
Moderate-income	8,809	19.9	7,590	19.2	1,168	26.5	51	16.5
Middle-income	15,121	34.1	13,907	35.1	1,141	25.8	73	23.6
Upper-income	15,058	34	13,627	34.4	1,282	29	149	48.2
Unknown-income	529	1.2	330	0.8	190	4.3	9	2.9
Total Assessment Area	44,329	100.0	39,605	100.0	4,415	100.0	309	100.0
Percentage of Total Businesses:			89.3		10.0		.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	15	4.6	14	4.4	1	16.7	0	0
Moderate-income	53	16.3	52	16.3	1	16.7	0	0
Middle-income	162	49.8	160	50.2	2	33.3	0	0
Upper-income	94	28.9	92	28.8	2	33.3	0	0
Unknown-income	1	0.3	1	0.3	0	0	0	0
Total Assessment Area	325	100.0	319	100.0	6	100.0	0	.0
Percentage of Total Farms:			98.2		1.8		.0	

2016 FFIEC Census Data and 2016 D&B Information

2017

Combined Demographics Report

Assessment Area: TN Nashville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	31	13.4	21,238	8.5	7,660	36.1	56,380	22.6
Moderate-income	61	26.4	58,668	23.5	10,777	18.4	45,713	18.3
Middle-income	81	35.1	103,740	41.5	8,027	7.7	51,131	20.5
Upper-income	54	23.4	66,138	26.5	2,115	3.2	96,560	38.7
Unknown-income	4	1.7	0	0	0	0	0	0
Total Assessment Area	231	100.0	249,784	100.0	28,579	11.4	249,784	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied		Rental		Vacant		
		#	%	%	#	%	#	%
Low-income	45,213	12,195	5	27	27,233	60.2	5,785	12.8
Moderate-income	115,735	44,505	18.2	38.5	60,581	52.3	10,649	9.2
Middle-income	173,814	109,630	44.9	63.1	51,783	29.8	12,401	7.1
Upper-income	111,389	78,050	31.9	70.1	25,411	22.8	7,928	7.1
Unknown-income	12	0	0	0	12	100	0	0
Total Assessment Area	446,163	244,380	100.0	54.8	165,020	37.0	36,763	8.2
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	4,198	10.8	3,412	9.9	759	17.4	27	9.6
Moderate-income	9,324	23.9	8,111	23.7	1,165	26.7	48	17.1
Middle-income	12,132	31.2	11,098	32.4	974	22.3	60	21.4
Upper-income	12,785	32.8	11,368	33.1	1,278	29.3	139	49.5
Unknown-income	494	1.3	305	0.9	182	4.2	7	2.5
Total Assessment Area	38,933	100.0	34,294	100.0	4,358	100.0	281	100.0
Percentage of Total Businesses:			88.1		11.2		.7	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	8	2.9	8	2.9	0	0	0	0
Moderate-income	32	11.5	30	10.9	2	40	0	0
Middle-income	148	53	145	52.9	3	60	0	0
Upper-income	90	32.3	90	32.8	0	0	0	0
Unknown-income	1	0.4	1	0.4	0	0	0	0
Total Assessment Area	279	100.0	274	100.0	5	100.0	0	.0
Percentage of Total Farms:			98.2		1.8		.0	

According to the 2017 FFIEC census data, the assessment area contains 231 census tracts: 31 (13.4 percent) are low-income tracts; 61 (26.4 percent) are moderate-income tracts; 81 (35.1 percent) are middle-income tracts; 54 (23.4 percent) are upper-income tracts; and four tracts (1.7 percent) have unknown income levels.

Housing Characteristics

The 2017 census data shows 446,163 housing units in the assessment area. Of the total units, 54.8 percent were owner-occupied, 37.0 percent were rental units, and 8.2 percent were vacant. While a majority of the units were owner-occupied, a higher percentage of housing in low- and moderate-income tracts consisted of rental units, indicating reduced opportunities for mortgage origination in these geographies. The percentage of owner-occupied units is highest in Wilson County, while the percentage of rental units is highest in Davidson County.

Population and employment growth is driving a very hot real estate market in the Nashville area. Between the 4th quarter of 2016 and the 4th quarter of 2017, housing prices increased by 12.9 percent in Rutherford County, 10.7 percent in Wilson County, and 9.1 percent in Davidson County. As of 4th quarter 2017, of the three assessment area counties, the median home price was highest in Wilson County, at \$296,250. The median home price in Rutherford County and Davidson County was \$239,900 and \$287,000, respectively. In terms of homeownership, the rate varies, from a low of 54.4 percent in Davidson County to a high of 77.0 percent in Wilson County, compared to 66.3 percent for the state.⁶

The affordability ratio is defined as the median household income divided by the median housing value; a higher ratio means the housing is considered more affordable while a lower ratio means the housing is considered less affordable. The affordability ratio is 30.4 for the bank's assessment area compared to 31.8 for the state of Tennessee, indicating that housing in the assessment area is generally less affordable as compared to the state. Furthermore, housing is least affordable in Davidson County and most affordable in Rutherford County.⁷

The median age of the housing stock in the assessment area in 2015 was 37 years, but was older in low-income tracts (52 years) and moderate-income tracts (44 years). Generally, the housing stock is much newer in Rutherford and Wilson counties, with a median age of 21 and 23 years, compared to 37 years in Davidson County.⁸

Economic Conditions

Nashville has ranked as one of the top 10 metropolitan areas for population and job growth for the past few years. While historically known as the country music capital of the world, Nashville is also a leading national hub for the health care industry and a thriving tourism center. According to Moody's Analytics, the primary economic drivers in the Nashville MSA are tourism, manufacturing, and the presence of the state capital.⁹ As part of its long-term economic development strategy, the Nashville Area Chamber of Commerce has identified five target industries that drive the Middle Tennessee economy and are its focus for growth in the region: health care, corporate operations, advanced manufacturing, supply chain management, and music and entertainment.¹⁰

⁶ "2017 Home Sales by County: Fourth Quarter." Greater Nashville Realtors, n.d. Web. 11 Jan. 2019. <<https://www.greaternashvillerealtors.org/sales-reports/quarterly/2017-fourth-quarter>>.

⁷ FRB Atlanta calculations of 2015 census data.

⁸ Ibid.

⁹ Fazio, Emily. "Nashville-Davidson-Murfreesboro-Franklin TN." Precise State & Metro Comprehensive Analysis and Data. Moody's Analytics, Jul. 2017. Web. 4 Oct. 2017. <<https://www.economy.com/workstation>>.

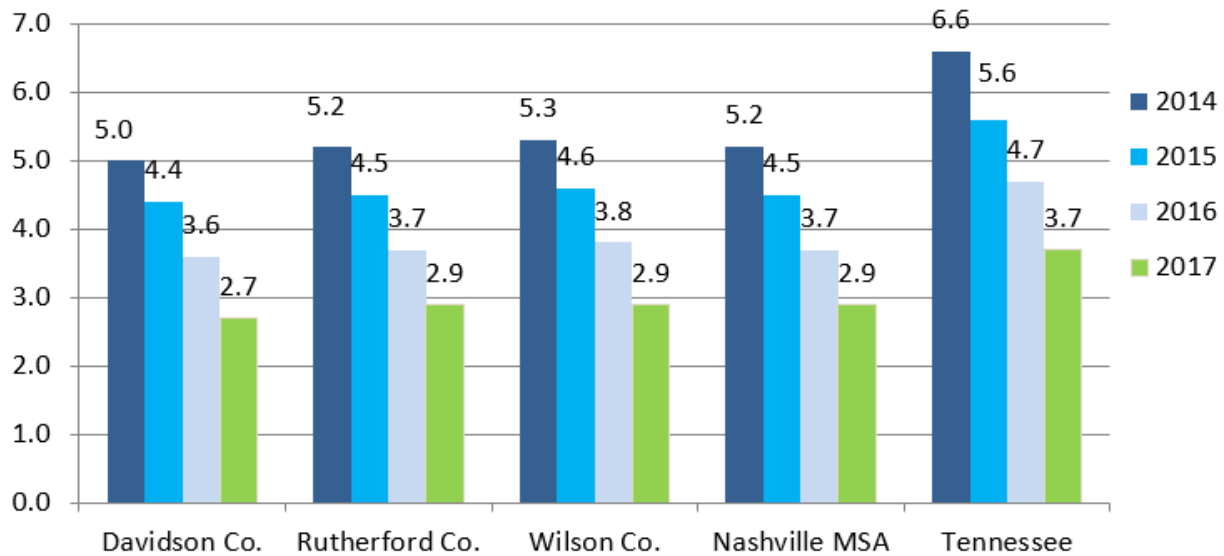
¹⁰ "Target Industries." Nashville Area Chamber of Commerce, n.d. Web. 15 Jan. 2019. <<https://www.nashvillechamber.com/economicdevelopment/relocate-or-expand/target-industries>>.

Major employers in the Nashville metropolitan area include Vanderbilt University and Vanderbilt University Medical Center, the State of Tennessee, and Metro Nashville-Davidson County Government and Public Schools.¹¹ Major employers in Rutherford County include Nissan North America, Rutherford County Government, and National HealthCare Corporation.¹² In Wilson County, major employers include Wilson County Schools, Amazon (fulfillment center), and Cracker Barrel Old Country Store, which was founded in Wilson County and maintains its corporate headquarters and a distribution center in the county.¹³

According to 2017 D&B information, there were 38,933 businesses in the assessment area, 88.1 percent of which had total annual revenues of \$1 million or less and were therefore considered to be small businesses. Between 2014 and 2016, small business lending increased by 21.2 percent, with 19,937 loans made in 2016. During this same period, loans made to businesses with revenues of \$1 million or less increased by 28.6 percent, representing 50.0 percent of total small business loans.¹⁴

The strong economic climate in the Nashville MSA is evident in the falling unemployment rate. The following table shows the unemployment rate for 2014 through 2017 for the three counties in the bank’s assessment area, the Nashville MSA, and the state of Tennessee. There is little variation in the unemployment rate in the three counties. The unemployment rate is lower in the Nashville MSA compared to the state of Tennessee.

Unemployment Rates - Nashville



Not Seasonally Adjusted. Source: Bureau of Labor Statistics

¹¹ “Reicher, Mike. “Before Amazon, who are Nashville's largest employers?” *Nashville Tennessean* 13 Nov. 2018. Web. 14 Jan. 2019.

<<https://www.tennessean.com/story/2018/11/13/amazon-joins-nashville-list-largest-employers>>.

¹² “Largest Rutherford County Employers.” *Nashville Business Journal*, 28 Jul. 2017. Web. 14 Jan. 2019.

<<https://bizjournals.com/nashville/subscriber-only/2017/07/28/largest-rutherford-county-employers.html>>.

¹³ “Largest Wilson County Employers.” *Nashville Business Journal*, 21 Jul. 2017. Web. 14 Jan. 2019. <<https://bizjournals.com/nashville/subscriber-only/2017/07/21/largest-wilson-county-employers.html>>.

¹⁴ “Davidson County, Rutherford County, and Wilson County, Tennessee (CRA data).” *GIS Mapping and Geographic Information System Data*. The Reinvestment Fund, n.d. Web. 15 Jan. 2019. <<https://www.policymap.com/>>.

Competition

According to the FDIC Deposit Market Share Report as of June 30, 2018, 45 financial institutions operated 318 offices inside the assessment area. Southern Bank of Tennessee ranked 21st in deposit market share with \$191.7 million, or 0.5 percent of total deposits. Pinnacle Bank held the largest deposit market share with 18.5 percent followed by Bank of America with 17.0 percent.

Community Contacts

As part of the CRA examination and to better understand local economic conditions and opportunities for financial institutions to be responsive to demands for housing and small business credit, information was obtained from three community contacts who focus on supporting businesses, providing assistance to the LMI community, and promoting economic development in Nashville-Davidson County or the greater metropolitan area. Two contacts are more familiar with Davidson County and the greater Nashville metropolitan area, while the third contact is in Wilson County. Two contacts noted that the low unemployment rate and high rents for housing make it difficult for businesses to attract or retain employees. The lack of affordable housing is a major concern, and incentives are needed to increase the supply. Lack of public transportation in some areas and competition from larger companies also pose challenges for businesses to find employees.

One contact cited lines of credit and access to adequate capital as high priority credit needs for local small businesses, particularly women- and minority-owned businesses. There is a lack of technical help for businesses that have grown past the startup stage but have not yet grown to maturity and a lack of workshops to help larger, mature businesses with succession planning. The other contact mentioned that small businesses need flexible pricing for leases to enable them to locate in an area that will allow them to attract good talent and clientele.

Two contacts expressed concern over predatory lending and check cashing businesses, particularly in low- and moderate-income communities, and would like for banks to offer alternative solutions. Other assistance that banks could provide include offering free business checking accounts to startup businesses; more readily providing lines of credit to small businesses rather than credit cards; using flexible credit underwriting for companies trying to grow; offering strong, low-cost software platforms and interfaces that provide direct deposit and point-of-sale capabilities; establishing a presence in underserved areas; underwriting the provision of technical assistance at small business centers and the development of the curriculum for capacity-building workshops; providing financial expertise to help businesses understand tax changes; and directing outreach efforts to women- and minority-owned businesses.

The contact from Wilson County highlighted affordable housing shortages in that county, and noted the median income is trending upward and creating a deeper divide amongst those at the poverty level and those in middle- and upper-income levels. The demand for higher priced homes, coupled with the cost of development in Wilson County, leaves little to no market for low- to moderate-income homebuyers. The rental market offers no relief for low-income residents and little relief for moderate-income residents in Wilson County as the average rental rate, according to the contact, is \$1,200 to \$1,400 per month. Additional priorities highlighted were a need for financial literacy training and affordable transportation for low-income commuters.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Overview

Southern Bank of Tennessee's overall performance in the Nashville assessment area is satisfactory. The geographic distribution of loans reflects reasonable dispersion in the assessment area, and the distribution of loans reflects reasonable penetration among borrowers of different income levels and businesses of different sizes. The performance context information discussed earlier in this evaluation was considered in evaluating the bank's lending

performance. During the review period, the bank made 795 HMDA-reportable loans and 289 small business loans in the assessment area. Therefore, HMDA lending was given greater consideration than small business lending in evaluating the bank's performance.

Loans made in 2014-2016 were analyzed using 2016 FFIEC census data, while loans made in 2017 were analyzed using 2017 FFIEC census data. Therefore, in the discussions of the geographic distribution of loans and lending to borrowers of different incomes and businesses of different sizes, separate tables are presented depicting lending in 2014-2016 and lending in 2017.

Geographic Distribution of Loans

Based on the following analysis, the overall geographic distribution of the bank's HMDA and small business loans reflects reasonable dispersion throughout the bank's assessment area and does not reveal any unexplained gaps in lending patterns.

Residential Real Estate (HMDA) Lending

The following tables show the geographic distribution of Southern Bank of Tennessee's HMDA-reportable loans for 2014-2017 within its Nashville assessment area and also includes a comparison of the bank's HMDA lending to the aggregate HMDA lenders within the assessment area. The HMDA aggregate lenders' data is the combined total of lending activity reported by all lenders subject to HMDA in the assessment area.

2014-2016
Geographic Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison																	
		2014, 2015, 2016					2014				2015				2016									
		Bank		Owner Occupied Units	Count		Dollar		Count		Dollar		Count		Dollar		Count		Dollar					
		Count	Dollar		Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg	Bank	Agg						
#	%	\$ (000s)	%	%	#	%	%	\$ (000s)	%	%	#	%	%	\$ (000s)	%	%	#	%	%	#	%	%		
HOME PURCHASE	Low	9	2.3%	\$945	1.2%	5.4%	1	1.3%	5.3%	\$136	1.0%	4.6%	2	1.3%	5.4%	\$110	0.4%	5.0%	6	3.8%	5.6%	\$699	2.0%	5.8%
	Moderate	59	15.2%	\$9,668	12.0%	15.3%	16	20.3%	14.0%	\$1,940	13.7%	10.8%	21	13.7%	14.1%	\$3,758	12.0%	11.5%	22	14.0%	15.0%	\$3,970	11.2%	13.1%
	Middle	208	53.5%	\$41,593	51.5%	45.9%	36	45.6%	44.2%	\$6,341	44.9%	37.2%	78	51.0%	44.7%	\$15,261	48.9%	37.9%	94	59.9%	45.8%	\$19,991	56.5%	39.8%
	Upper	113	29.0%	\$28,522	35.3%	33.4%	26	32.9%	36.6%	\$5,713	40.4%	47.4%	52	34.0%	35.8%	\$12,100	38.7%	45.6%	35	22.3%	33.5%	\$10,709	30.3%	41.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	389	100.0%	\$80,728	100.0%	100.0%	79	100.0%	100.0%	\$14,130	100.0%	100.0%	153	100.0%	100.0%	\$31,229	100.0%	100.0%	157	100.0%	100.0%	\$35,369	100.0%	100.0%
REFINANCE	Low	4	2.2%	\$780	2.0%	5.4%	1	2.3%	5.2%	\$110	1.2%	9.0%	2	3.0%	4.5%	\$269	2.1%	3.6%	1	1.4%	5.3%	\$401	2.4%	4.4%
	Moderate	27	14.8%	\$3,432	8.8%	15.3%	10	22.7%	14.2%	\$1,224	13.3%	13.5%	8	12.1%	12.5%	\$818	6.3%	8.9%	9	12.5%	12.2%	\$1,390	8.2%	9.1%
	Middle	84	46.2%	\$17,938	45.8%	45.9%	16	36.4%	45.3%	\$3,892	42.3%	39.8%	37	56.1%	44.2%	\$6,589	50.8%	36.8%	31	43.1%	43.3%	\$7,457	44.0%	35.5%
	Upper	67	36.8%	\$16,980	43.4%	33.4%	17	38.6%	35.3%	\$3,977	43.2%	37.8%	19	28.8%	38.8%	\$5,297	40.8%	50.6%	31	43.1%	39.2%	\$7,706	45.5%	51.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	182	100.0%	\$39,130	100.0%	100.0%	44	100.0%	100.0%	\$9,203	100.0%	100.0%	66	100.0%	100.0%	\$12,973	100.0%	100.0%	72	100.0%	100.0%	\$16,954	100.0%	100.0%
HOME IMPROVEMENT	Low	1	4.0%	\$130	13.1%	5.4%	0	0.0%	8.9%	\$0	0.0%	7.4%	0	0.0%	6.7%	\$0	0.0%	6.9%	1	14.3%	6.5%	\$130	27.3%	6.2%
	Moderate	3	12.0%	\$207	20.9%	15.3%	0	0.0%	17.7%	\$0	0.0%	10.8%	1	10.0%	14.9%	\$42	13.0%	10.9%	2	28.6%	13.8%	\$165	34.6%	10.5%
	Middle	17	68.0%	\$502	50.8%	45.9%	6	75.0%	45.4%	\$64	33.7%	38.1%	7	70.0%	45.9%	\$256	79.5%	34.3%	4	57.1%	46.4%	\$182	38.2%	35.8%
	Upper	4	16.0%	\$150	15.2%	33.4%	2	25.0%	28.0%	\$126	66.3%	43.7%	2	20.0%	32.4%	\$24	7.5%	47.9%	0	0.0%	33.4%	\$0	0.0%	47.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	25	100.0%	\$989	100.0%	100.0%	8	100.0%	100.0%	\$190	100.0%	100.0%	10	100.0%	100.0%	\$322	100.0%	100.0%	7	100.0%	100.0%	\$477	100.0%	100.0%
MULTI FAMILY	Multi-Family Units																							
	Low	1	33.3%	\$540	9.1%	19.4%	0	0.0%	17.0%	\$0	0.0%	11.1%	0	0.0%	16.8%	\$0	0.0%	10.5%	1	100.0%	28.7%	\$540	100.0%	17.3%
	Moderate	0	0.0%	\$0	0.0%	31.3%	0	0.0%	39.4%	\$0	0.0%	35.1%	0	0.0%	43.6%	\$0	0.0%	39.6%	0	0.0%	35.6%	\$0	0.0%	24.0%
	Middle	0	0.0%	\$0	0.0%	30.4%	0	0.0%	26.6%	\$0	0.0%	35.3%	0	0.0%	26.7%	\$0	0.0%	35.0%	0	0.0%	17.8%	\$0	0.0%	26.3%
	Upper	2	66.7%	\$5,365	90.9%	18.9%	1	100.0%	17.0%	\$365	100.0%	18.5%	1	100.0%	12.9%	\$5,000	100.0%	14.9%	0	0.0%	17.8%	\$0	0.0%	32.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
Total	3	100.0%	\$5,905	100.0%	100.0%	1	100.0%	100.0%	\$365	100.0%	100.0%	1	100.0%	100.0%	\$5,000	100.0%	100.0%	1	100.0%	100.0%	\$540	100.0%	100.0%	
HMDA TOTALS	Low	15	2.5%	\$2,395	1.9%	5.4%	2	1.5%	5.4%	\$246	1.0%	6.6%	4	1.7%	5.1%	\$379	0.8%	5.1%	9	3.8%	5.6%	\$1,770	3.3%	6.0%
	Moderate	89	14.9%	\$13,307	10.5%	15.3%	26	19.7%	14.2%	\$3,164	13.2%	13.8%	30	13.0%	13.6%	\$4,618	9.3%	13.1%	33	13.9%	14.0%	\$5,525	10.4%	12.4%
	Middle	309	51.6%	\$60,033	47.4%	45.9%	58	43.9%	44.5%	\$10,297	43.1%	37.8%	122	53.0%	44.5%	\$22,106	44.6%	37.3%	129	54.4%	44.9%	\$27,630	51.8%	37.4%
	Upper	186	31.1%	\$51,017	40.2%	33.4%	46	34.8%	35.8%	\$10,181	42.6%	41.8%	74	32.2%	36.7%	\$22,421	45.3%	44.6%	66	27.8%	35.6%	\$18,415	34.5%	44.2%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	599	100.0%	\$126,752	100.0%	100.0%	132	100.0%	100.0%	\$23,888	100.0%	100.0%	230	100.0%	100.0%	\$49,524	100.0%	100.0%	237	100.0%	100.0%	\$53,340	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

2017

Geographic Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2017					2017					
		Bank		Owner Occupied Units		Count	Count		Dollar			
		Count	Dollar	Dollar	%		Bank	Agg	Bank	Agg		
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	7	5.7%	\$1,387	4.9%	5.0%	7	5.7%	7.0%	\$1,387	4.9%	7.4%
	Moderate	22	18.0%	\$4,132	14.6%	18.2%	22	18.0%	17.1%	\$4,132	14.6%	14.2%
	Middle	56	45.9%	\$12,038	42.5%	44.9%	56	45.9%	48.1%	\$12,038	42.5%	43.8%
	Upper	37	30.3%	\$10,738	38.0%	31.9%	37	30.3%	27.7%	\$10,738	38.0%	34.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>122</i>	<i>100.0%</i>	<i>\$28,295</i>	<i>100.0%</i>	<i>100.0%</i>	<i>122</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$28,295</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	5	7.5%	\$518	3.4%	5.0%	5	7.5%	5.6%	\$518	3.4%	5.3%
	Moderate	9	13.4%	\$1,383	9.1%	18.2%	9	13.4%	18.0%	\$1,383	9.1%	13.5%
	Middle	32	47.8%	\$8,338	54.9%	44.9%	32	47.8%	47.6%	\$8,338	54.9%	42.8%
	Upper	21	31.3%	\$4,943	32.6%	31.9%	21	31.3%	28.9%	\$4,943	32.6%	38.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>67</i>	<i>100.0%</i>	<i>\$15,182</i>	<i>100.0%</i>	<i>100.0%</i>	<i>67</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$15,182</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	5.0%	0	0.0%	5.3%	\$0	0.0%	4.4%
	Moderate	0	0.0%	\$0	0.0%	18.2%	0	0.0%	20.7%	\$0	0.0%	15.6%
	Middle	6	85.7%	\$226	31.9%	44.9%	6	85.7%	47.1%	\$226	31.9%	43.0%
	Upper	1	14.3%	\$482	68.1%	31.9%	1	14.3%	26.9%	\$482	68.1%	37.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>\$708</i>	<i>100.0%</i>	<i>100.0%</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$708</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY				Multi-Family Units								
	Low	0	0.0%	\$0	0.0%	15.4%	0	0.0%	19.7%	\$0	0.0%	13.5%
	Moderate	0	0.0%	\$0	0.0%	37.4%	0	0.0%	36.4%	\$0	0.0%	18.1%
	Middle	0	0.0%	\$0	0.0%	28.3%	0	0.0%	30.3%	\$0	0.0%	51.4%
	Upper	0	0.0%	\$0	0.0%	18.9%	0	0.0%	13.6%	\$0	0.0%	17.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	12	6.1%	\$1,905	4.3%	5.0%	12	6.1%	6.5%	\$1,905	4.3%	7.2%
	Moderate	31	15.8%	\$5,515	12.5%	18.2%	31	15.8%	17.5%	\$5,515	12.5%	14.3%
	Middle	94	48.0%	\$20,602	46.6%	44.9%	94	48.0%	47.9%	\$20,602	46.6%	44.0%
	Upper	59	30.1%	\$16,163	36.6%	31.9%	59	30.1%	28.0%	\$16,163	36.6%	34.4%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>196</i>	<i>100.0%</i>	<i>\$44,185</i>	<i>100.0%</i>	<i>100.0%</i>	<i>196</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$44,185</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases

2017 FFIEC Census Data and 2015 ACS Data

The geographic distribution of HMDA loans is considered reasonable. For 2014-2016, the bank's HMDA lending in low-income tracts, at 2.5 percent, was less than the percentage of owner-occupied housing units in these tracts at 5.4 percent. However, lending in low-income tracts significantly increased in 2017 to 6.1 percent, which surpassed the 2017 percentage of owner-occupied units of 5.0 percent. While the bank's lending

in low-income tracts was significantly less than aggregate lenders in 2014-2016, the bank improved in 2017 and was comparable to the aggregate. The bank’s HMDA lending in moderate-income tracts was 14.9 percent for 2014-2016 and 15.8 percent in 2017. These percentages compare favorably to the percentage of owner-occupied units in these tracts. The bank’s lending in moderate-income tracts compared favorably to the aggregate during all four years.

Small Business

The following tables show the geographic distribution of small business loans in the Nashville assessment area.

2014-2016

Geographic Distribution of Small Business Loans

Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	7	3.9%	\$2,051	8.1%	10.5%
Moderate	28	15.6%	\$3,180	12.5%	19.2%
Middle	94	52.5%	\$12,223	48.2%	35.1%
Upper	49	27.4%	\$6,959	27.5%	34.4%
Unknown	1	0.6%	\$935	3.7%	0.8%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>179</i>	<i>100.0%</i>	<i>\$25,348</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
 2016 FFIEC Census Data and 2016 D&B Information

2017

Geographic Distribution of Small Business Loans

Assessment Area: TN Nashville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2017				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	38	34.5%	\$2,043	21.1%	9.9%
Moderate	13	11.8%	\$2,245	23.2%	23.7%
Middle	35	31.8%	\$2,828	29.3%	32.4%
Upper	24	21.8%	\$2,552	26.4%	33.1%
Unknown	0	0.0%	\$0	0.0%	0.9%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>110</i>	<i>100.0%</i>	<i>\$9,668</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2017 FFIEC Census Data and 2017 D&B Information

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. Of the 179 loans the bank made in the assessment area between 2014-2016, 3.9 percent were to businesses in low-income tracts compared to the 10.5 percent of the assessment area’s small businesses that were located in these tracts. In 2017, the bank made a total of 110 small business loans. The bank significantly increased the amount of small business loans made in low-income tract areas to 34.5 percent compared to the 9.9 percent of the assessment area’s small businesses located in these tracts. Additionally, for 2014-2016, 15.6 percent of small business loans were made in moderate-income tracts compared to 19.2 percent of the assessment area’s small businesses that were located in these tracts. In 2017, the percentage of loans in moderate-income tracts decreased to 11.8 percent compared to the 23.7 percent of the assessment area’s small businesses located in these tracts. Notably, the largest portion of small business loans in 2017 were originated in low-income tracts even though the majority of small businesses were not located in those tracts.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

Based on the following analysis, the overall distribution of the bank’s HMDA and small business loans by borrower income and business revenue reflects reasonable dispersion throughout the bank’s assessment area and does not reveal any unexplained gaps in lending patterns.

Residential Real Estate (HMDA) Lending

The following tables show the distribution of the bank’s HMDA-reportable loans by the income level of the borrowers.

2014-2016
Borrower Distribution of HMDA Loans
Assessment Area: TN Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016					Bank & Aggregate Lending Comparison																	
		Bank		Families by Family Income	2014		2015				2016													
		Count	Dollar		Count	Dollar	Count	Dollar	Count	Dollar														
		#	%	\$ (000s)	%	%	%	%	%	%	%	%	%	%	%	%	%							
HOME PURCHASE	Low	18	4.6%	\$2,369	2.9%	22.2%	6	7.6%	7.6%	\$692	4.9%	4.0%	4	2.6%	6.9%	\$485	1.6%	3.8%	8	5.1%	5.7%	\$1,192	3.4%	3.2%
	Moderate	53	13.6%	\$7,514	9.3%	18.1%	12	15.2%	21.0%	\$1,460	10.3%	15.0%	24	15.7%	19.2%	\$3,452	11.1%	13.6%	17	10.8%	19.3%	\$2,602	7.4%	13.9%
	Middle	70	18.0%	\$14,016	17.4%	21.5%	13	16.5%	19.1%	\$2,451	17.3%	17.7%	33	21.6%	19.9%	\$5,895	18.9%	18.5%	24	15.3%	19.6%	\$5,670	16.0%	17.9%
	Upper	178	45.8%	\$39,307	48.7%	38.2%	44	55.7%	31.4%	\$8,585	60.8%	43.1%	65	42.5%	32.6%	\$14,055	45.0%	43.9%	69	43.9%	37.1%	\$16,667	47.1%	47.8%
	Unknown	70	18.0%	\$17,522	21.7%	0.0%	4	5.1%	21.0%	\$942	6.7%	20.2%	27	17.6%	21.4%	\$7,342	23.5%	20.3%	39	24.8%	18.2%	\$9,238	26.1%	17.2%
	Total	389	100.0%	\$80,728	100.0%	100.0%	79	100.0%	100.0%	\$14,130	100.0%	100.0%	153	100.0%	100.0%	\$31,229	100.0%	100.0%	157	100.0%	100.0%	\$35,369	100.0%	100.0%
REFINANCE	Low	6	3.3%	\$694	1.8%	22.2%	2	4.5%	7.0%	\$304	3.3%	3.0%	3	4.5%	5.7%	\$226	1.7%	2.9%	1	1.4%	5.4%	\$164	1.0%	2.8%
	Moderate	27	14.8%	\$3,345	8.5%	18.1%	12	27.3%	16.0%	\$1,373	14.9%	8.6%	6	9.1%	14.4%	\$826	6.4%	9.5%	9	12.5%	14.6%	\$1,146	6.8%	9.4%
	Middle	41	22.5%	\$7,561	19.3%	21.5%	8	18.2%	18.2%	\$1,444	15.7%	12.0%	10	15.2%	17.9%	\$1,642	12.7%	14.8%	23	31.9%	18.6%	\$4,475	26.4%	15.0%
	Upper	86	47.3%	\$22,321	57.0%	38.2%	17	38.6%	31.1%	\$4,944	53.7%	33.0%	36	54.5%	32.5%	\$8,548	65.9%	43.6%	33	45.8%	36.0%	\$8,829	52.1%	46.6%
	Unknown	22	12.1%	\$5,209	13.3%	0.0%	5	11.4%	27.8%	\$1,138	12.4%	43.4%	11	16.7%	29.5%	\$1,731	13.3%	29.1%	6	8.3%	25.5%	\$2,340	13.8%	26.2%
	Total	182	100.0%	\$39,130	100.0%	100.0%	44	100.0%	100.0%	\$9,203	100.0%	100.0%	66	100.0%	100.0%	\$12,973	100.0%	100.0%	72	100.0%	100.0%	\$16,954	100.0%	100.0%
HOME IMPROVEMENT	Low	1	4.0%	\$6	0.6%	22.2%	1	12.5%	8.8%	\$6	3.2%	3.4%	0	0.0%	9.3%	\$0	0.0%	3.0%	0	0.0%	6.6%	\$0	0.0%	2.9%
	Moderate	9	36.0%	\$334	33.8%	18.1%	3	37.5%	22.5%	\$15	7.9%	14.1%	2	20.0%	20.3%	\$137	42.5%	12.1%	4	57.1%	18.2%	\$182	38.2%	11.4%
	Middle	3	12.0%	\$71	7.2%	21.5%	1	12.5%	19.6%	\$17	8.9%	16.8%	1	10.0%	22.1%	\$42	13.0%	18.2%	1	14.3%	23.9%	\$12	2.5%	20.0%
	Upper	12	48.0%	\$578	58.4%	38.2%	3	37.5%	35.7%	\$152	80.0%	55.9%	7	70.0%	40.2%	\$143	44.4%	56.1%	2	28.6%	43.5%	\$283	59.3%	58.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	13.3%	\$0	0.0%	9.8%	0	0.0%	8.0%	\$0	0.0%	10.5%	0	0.0%	7.8%	\$0	0.0%	7.6%
	Total	25	100.0%	\$989	100.0%	100.0%	8	100.0%	100.0%	\$190	100.0%	100.0%	10	100.0%	100.0%	\$322	100.0%	100.0%	7	100.0%	100.0%	\$477	100.0%	100.0%
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	22.2%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	21.5%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	38.2%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	3	100.0%	\$5,905	100.0%	0.0%	1	100.0%	100.0%	\$365	100.0%	100.0%	1	100.0%	100.0%	\$5,000	100.0%	100.0%	1	100.0%	100.0%	\$540	100.0%	100.0%
	Total	3	100.0%	\$5,905	100.0%	100.0%	1	100.0%	100.0%	\$365	100.0%	100.0%	1	100.0%	100.0%	\$5,000	100.0%	100.0%	1	100.0%	100.0%	\$540	100.0%	100.0%
HMDA TOTALS	Low	25	4.2%	\$3,069	2.4%	22.2%	9	6.8%	7.4%	\$1,002	4.2%	3.3%	7	3.0%	6.6%	\$711	1.4%	3.2%	9	3.8%	5.6%	\$1,356	2.5%	2.9%
	Moderate	89	14.9%	\$11,193	8.8%	18.1%	27	20.5%	19.4%	\$2,848	11.9%	11.7%	32	13.9%	17.5%	\$4,415	8.9%	11.2%	30	12.7%	17.4%	\$3,930	7.4%	11.5%
	Middle	114	19.0%	\$21,648	17.1%	21.5%	22	16.7%	18.7%	\$3,912	16.4%	14.3%	44	19.1%	19.2%	\$7,579	15.3%	15.8%	48	20.3%	19.3%	\$10,157	19.0%	15.8%
	Upper	276	46.1%	\$62,206	49.1%	38.2%	64	48.5%	31.4%	\$13,681	57.3%	36.3%	108	47.0%	32.7%	\$22,746	45.9%	40.2%	104	43.9%	36.9%	\$25,779	48.3%	44.6%
	Unknown	95	15.9%	\$28,636	22.6%	0.0%	10	7.6%	23.0%	\$2,445	10.2%	34.4%	39	17.0%	24.0%	\$14,073	28.4%	29.6%	46	19.4%	20.7%	\$12,118	22.7%	25.2%
	Total	599	100.0%	\$126,752	100.0%	100.0%	132	100.0%	100.0%	\$23,888	100.0%	100.0%	230	100.0%	100.0%	\$49,524	100.0%	100.0%	237	100.0%	100.0%	\$53,340	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

2017

Borrower Distribution of HMDA Loans

Assessment Area: TN Nashville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison					Bank & Aggregate Lending Comparison					
		2017					2017					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank		Agg	
#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %		
HOME PURCHASE	Low	4	3.3%	\$565	2.0%	22.6%	4	3.3%	4.2%	\$565	2.0%	2.4%
	Moderate	22	18.0%	\$4,191	14.8%	18.3%	22	18.0%	17.6%	\$4,191	14.8%	12.6%
	Middle	24	19.7%	\$5,288	18.7%	20.5%	24	19.7%	21.9%	\$5,288	18.7%	20.0%
	Upper	63	51.6%	\$16,390	57.9%	38.7%	63	51.6%	36.7%	\$16,390	57.9%	45.8%
	Unknown	9	7.4%	\$1,861	6.6%	0.0%	9	7.4%	19.6%	\$1,861	6.6%	19.2%
	<i>Total</i>	<i>122</i>	<i>100.0%</i>	<i>\$28,295</i>	<i>100.0%</i>	<i>100.0%</i>	<i>122</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$28,295</i>	<i>100.0%</i>	<i>100.0%</i>
REFINANCE	Low	1	1.5%	\$73	0.5%	22.6%	1	1.5%	6.4%	\$73	0.5%	3.5%
	Moderate	9	13.4%	\$1,601	10.5%	18.3%	9	13.4%	17.5%	\$1,601	10.5%	12.6%
	Middle	11	16.4%	\$2,920	19.2%	20.5%	11	16.4%	20.4%	\$2,920	19.2%	17.9%
	Upper	39	58.2%	\$9,394	61.9%	38.7%	39	58.2%	32.5%	\$9,394	61.9%	42.5%
	Unknown	7	10.4%	\$1,194	7.9%	0.0%	7	10.4%	23.3%	\$1,194	7.9%	23.4%
	<i>Total</i>	<i>67</i>	<i>100.0%</i>	<i>\$15,182</i>	<i>100.0%</i>	<i>100.0%</i>	<i>67</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$15,182</i>	<i>100.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	1	14.3%	\$5	0.7%	22.6%	1	14.3%	7.1%	\$5	0.7%	4.4%
	Moderate	1	14.3%	\$7	1.0%	18.3%	1	14.3%	16.6%	\$7	1.0%	13.4%
	Middle	2	28.6%	\$52	7.3%	20.5%	2	28.6%	23.9%	\$52	7.3%	22.0%
	Upper	3	42.9%	\$644	91.0%	38.7%	3	42.9%	41.0%	\$644	91.0%	50.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	11.4%	\$0	0.0%	10.2%
	<i>Total</i>	<i>7</i>	<i>100.0%</i>	<i>\$708</i>	<i>100.0%</i>	<i>100.0%</i>	<i>7</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$708</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	22.6%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.3%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	20.5%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	38.7%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	6	3.1%	\$643	1.5%	22.6%	6	3.1%	5.0%	\$643	1.5%	2.6%
	Moderate	32	16.3%	\$5,799	13.1%	18.3%	32	16.3%	17.5%	\$5,799	13.1%	11.8%
	Middle	37	18.9%	\$8,260	18.7%	20.5%	37	18.9%	21.4%	\$8,260	18.7%	18.1%
	Upper	105	53.6%	\$26,428	59.8%	38.7%	105	53.6%	35.4%	\$26,428	59.8%	41.9%
	Unknown	16	8.2%	\$3,055	6.9%	0.0%	16	8.2%	20.6%	\$3,055	6.9%	25.7%
	<i>Total</i>	<i>196</i>	<i>100.0%</i>	<i>\$44,185</i>	<i>100.0%</i>	<i>100.0%</i>	<i>196</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$44,185</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2017 FFIEC Census Data and 2015 ACS Data

HMDA lending by borrower income in the Nashville assessment area is considered reasonable. The bank's lending was compared to the demographic characteristics of the community and the performance of aggregate HMDA lenders with loan originations and purchases in the assessment area. The volume of the specific loan products was also considered along with performance context factors, such as the shortage of affordable housing.

During 2014-2016, Southern Bank of Tennessee made 25 HMDA loans, or 4.2 percent, to low-income borrowers, which was less than the percentage of low-income families in the assessment area, at 22.2 percent. The bank's lending to low-income borrowers was also less than the aggregate comparison in 2014-2016. In 2017, the percentage of loans made to low-income borrowers decreased to 3.1 percent whereas the percentage of low-income families in the assessment area grew to 22.6 percent. The aggregate lenders performed marginally better, at 5.0 percent.

The bank performed better in lending to moderate-income borrowers. From 2014-2016, the bank made 89 HMDA loans, or 14.9 percent, to moderate-income borrowers, which was less than the percentage of moderate-income families in the assessment area, at 18.1 percent. The bank's overall HMDA lending to moderate-income borrowers exceeded the aggregate in 2014, although it was less than the aggregate in 2015 and 2016. Although not a major product, the bank did well in making home improvement loans to moderate-income borrowers, exceeding the demographic comparison and either exceeding or performing similarly to the aggregate in all three years. In 2017, the percentage of loans to moderate-income borrowers rose to 16.3 percent while the percentage of moderate-income families in the assessment area remained relatively stable. For its major product type, home purchase loans, the bank's lending was consistent with both the demographic comparison and the aggregate lenders. Total HMDA lending to moderate-income borrowers compared favorably to the demographics and was similar to the aggregate lenders.

Small Business Lending

The following tables show, by business revenue and loan size, the number and dollar volume of small business loans made by Southern Bank of Tennessee in the Nashville assessment area during the review period.

2014-2016
Small Business Loans by Business Revenue & Loan Size
Assessment Area: TN Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2014, 2015, 2016				
		Bank				Total Businesses
		Count		\$ (000s)		
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	115	64.2%	\$15,281	60.3%	89.3%
	Over \$1 Million	63	35.2%	\$9,967	39.3%	10.0%
	Total Rev. available	178	99.4%	\$25,248	99.6%	99.3%
	Rev. Not Known	1	0.6%	\$100	0.4%	0.7%
	Total	179	100.0%	\$25,348	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	114	63.7%	\$4,528	17.9%	
	\$100,001 - \$250,000	35	19.6%	\$6,154	24.3%	
	\$250,001 - \$1 Million	30	16.8%	\$14,666	57.9%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	Total	179	100.0%	\$25,348	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	75	65.2%	\$3,160	20.7%	
	\$100,001 - \$250,000	23	20.0%	\$3,847	25.2%	
	\$250,001 - \$1 Million	17	14.8%	\$8,273	54.1%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	Total	115	100.0%	\$15,281	100.0%	

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

2017

Small Business Loans by Business Revenue & Loan Size

Assessment Area: TN Nashville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison				
		2017				
		Bank		\$ (000s)		Total Businesses
		Count				
		#	%	\$	%	%
BUSINESS REVENUE	\$1million or Less	56	50.9%	\$4,942	51.1%	88.1%
	Over \$1 Million	51	46.4%	\$4,232	43.8%	11.2%
	<i>Total Rev. available</i>	107	97.3%	\$9,174	94.9%	99.3%
	Rev. Not Known	3	2.7%	\$494	5.1%	0.7%
	<i>Total</i>	<i>110</i>	<i>100.0%</i>	<i>\$9,668</i>	<i>100.0%</i>	<i>100.0%</i>
LOAN SIZE	\$100,000 or Less	80	72.7%	\$3,016	31.2%	
	\$100,001 - \$250,000	23	20.9%	\$4,010	41.5%	
	\$250,001 - \$1 Million	7	6.4%	\$2,642	27.3%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>110</i>	<i>100.0%</i>	<i>\$9,668</i>	<i>100.0%</i>	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	38	67.9%	\$1,459	29.5%	
	\$100,001 - \$250,000	16	28.6%	\$2,749	55.6%	
	\$250,001 - \$1 Million	2	3.6%	\$734	14.8%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	<i>56</i>	<i>100.0%</i>	<i>\$4,942</i>	<i>100.0%</i>	

Originations & Purchases
2017 FFIEC Census Data and 2017 D&B Information

Overall, Southern Bank of Tennessee’s small business lending by business revenue reflects reasonable dispersion throughout the assessment area. According to D&B data for 2014-2016, 89.3 percent of businesses in the assessment area had revenues of \$1 million or less and were therefore considered to be small businesses. As the first table indicates, the bank made 64.2 percent of its small business loans to entities with gross annual revenues of \$1 million or less, which was less than the percentage of small businesses in the assessment area. In 2017, that number decreased; however, the percentage of total small businesses in the assessment area also decreased slightly to 88.1 percent. The bank made 50.9 percent of its small business loans to entities with gross annual revenues of \$1 million or less. While a direct comparison is not used in this evaluation, a review of aggregate data from CRA reporters in the assessment area shows that the bank’s performance in small business lending compares favorably to the other lenders.

Additionally, of the loans made to businesses with revenues of \$1 million or less in 2014-2016, 65.2 percent were in amounts of \$100,000 or less and 20.0 percent were in amounts of \$100,001 - \$250,000. In 2017, 67.9 percent of loans to small businesses were in amounts \$100,000 or less and 28.6 percent were in amounts of \$100,001 - \$250,000. These percentages indicate the bank’s willingness to make loans in smaller dollar amounts to meet the needs of small businesses in the assessment area.

METROPOLITAN AREA LIMITED-SCOPE REVIEW

The Knoxville assessment area was reviewed using limited-scope examination procedures. Through these procedures, conclusions regarding the institution's CRA performance are drawn from the review of available facts and data, including performance and demographic information. Please refer to the tables in Appendices D and E for additional information regarding the area.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN THE KNOXVILLE ASSESSMENT AREA

The Knoxville assessment area consists of Anderson County, which is part of the Knoxville MSA. Southern Bank of Tennessee operates one branch in Clinton, which is the county seat. The bank's deposits in the assessment area totaled \$44.7 million as of June 30, 2018. The FDIC Deposit Market Share report from June 30, 2018, shows 12 institutions operating 19 branches in the assessment area. Southern Bank of Tennessee ranked 8th in deposit market share in the assessment area, with 4.5 percent of total deposits. Regions Bank ranked first with a market share of 28.6 percent.

According to 2017 FFIEC census data, the assessment area contains 18 census tracts, of which five (27.8 percent) are moderate-income; 8 (44.4 percent) are middle-income; 4 (22.2 percent) are upper-income; and one (5.6 percent) has an unknown income level. The assessment area contains no low-income tracts. Of the families in the assessment area, 43.0 percent are low- or moderate-income, and 13.9 percent live below the poverty level. Throughout the review period, the unemployment rate in Anderson County was higher than the statewide rate, according to information from the Bureau of Labor Statistics. For 2017, the unemployment rate in the county was 3.9 percent, compared to 3.7 percent for the state.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The bank's geographic distribution of HMDA and small business loans and borrower distribution were generally consistent with the performance in the full-scope assessment area. The bank made 21 HMDA loans and 20 small business loans in the assessment area during the review period. Also, according to bank management, competition in the market, specifically from credit unions, affected the bank's ability to make loans in the assessment area. Conclusions regarding the bank's performance in the Knoxville assessment area did not affect the overall rating.

APPENDIX A

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED January 1, 2014, to December 31, 2017			
FINANCIAL INSTITUTION Southern Bank of Tennessee, Mount Juliet, Tennessee		PRODUCTS REVIEWED HMDA Loans Small Business Loans	
AFFILIATE(S) N/A	AFFILIATE RELATIONSHIP N/A	PRODUCTS REVIEWED N/A	
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
<i>ASSESSMENT AREA</i>	<i>TYPE OF EXAMINATION</i>	<i>BRANCHES VISITED</i>	<i>OTHER INFORMATION</i>
Tennessee - Nashville-Davidson-Murfreesboro-Franklin MSA (Davidson, Wilson and Rutherford counties)	Full-scope	None	N/A
Tennessee – Knoxville MSA (Anderson County)	Limited-scope	None	N/A

APPENDIX B – DEFINITIONS AND GENERAL INFORMATION

Definitions

ATM	Automated Teller Machine
CDC	Community Development Corporation
CDFI	Community Development Financial Institution
CRA	Community Reinvestment Act (Regulation BB)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
HMDA	Home Mortgage Disclosure Act (Regulation C)
HUD	Department of Housing and Urban Development
LMI	Low- and Moderate-Income
LTD	Loan-to-Deposit
LTV	Loan-to-Value Ratio
MD	Metropolitan Division
MSA	Metropolitan Statistical Area
OMB	Office of Management and Budget
REIS	Regional Economic Information System
SBA	Small Business Administration
USDA	United States Department of Agriculture

Rounding Convention

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

General Information

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

This document is an evaluation of the CRA performance of Southern Bank of Tennessee prepared by the Federal Reserve Bank of Atlanta, the institution's supervisory agency, as of January 28, 2019. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 228.

APPENDIX C – 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.

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

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System (Board), Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC) adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

- I. Low- or moderate-income geographies;
- II. Designated disaster areas; or
- III. Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, FDIC, and OCC, based on-
 - a. Rates of poverty, unemployment, and population loss; or
 - b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

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

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

Full-scope review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

APPENDIX C – GLOSSARY (Continued)

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 MSA 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 (for example, approved, denied, and withdrawn).

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

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

Limited-scope review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, 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.

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

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

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

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

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

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

APPENDIX C – GLOSSARY (Continued)

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

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

Rated area: A rated area is a state or multistate MA. 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 MA, the institution will receive a rating for the multistate MA.

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

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

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

**APPENDIX D – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2014-2016**

Combined Demographics Report

Assessment Area: TN Knoxville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	4,608	22.6
Moderate-income	6	33.3	6,213	30.4	1,255	20.2	3,151	15.4
Middle-income	7	38.9	10,186	49.9	1,117	11	4,568	22.4
Upper-income	4	22.2	4,009	19.6	166	4.1	8,081	39.6
Unknown-income	1	5.6	0	0	0	0	0	0
Total Assessment Area	18	100.0	20,408	100.0	2,538	12.4	20,408	100.0
	Housing	Housing Types by Tract						
	Units by Tract	Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	12,232	6,095	27.5	49.8	4,416	36.1	1,721	14.1
Middle-income	15,870	11,464	51.6	72.2	2,878	18.1	1,528	9.6
Upper-income	6,407	4,643	20.9	72.5	1,443	22.5	321	5
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	34,509	22,202	100.0	64.3	8,737	25.3	3,570	10.3
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	888	30.5	805	30.8	68	24.9	15	50
Middle-income	1,142	39.2	1,050	40.2	84	30.8	8	26.7
Upper-income	735	25.2	664	25.4	66	24.2	5	16.7
Unknown-income	149	5.1	92	3.5	55	20.1	2	6.7
Total Assessment Area	2,914	100.0	2,611	100.0	273	100.0	30	100.0
	Percentage of Total Businesses:			89.6		9.4		1.0
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	10	22.2	10	22.7	0	0	0	0
Middle-income	29	64.4	29	65.9	0	0	0	0
Upper-income	5	11.1	5	11.4	0	0	0	0
Unknown-income	1	2.2	0	0	1	100	0	0
Total Assessment Area	45	100.0	44	100.0	1	100.0	0	.0
	Percentage of Total Farms:			97.8		2.2		.0

2016 FFIEC Census Data and 2016 D&B Information

**APPENDIX D – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2014-2016 (Continued)**

Geographic Distribution of HMDA Loans
Assessment Area: TN Knoxville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016					Bank & Aggregate Lending Comparison																	
		2014, 2015, 2016				Owner Occupied Units %	2014					2015					2016							
		Bank		Dollar			Count	Bank	Agg	Dollar		Count	Bank	Agg	Dollar		Count	Bank	Agg	Dollar				
		#	%	\$ (000s)	\$ %					#	%				\$ (000s)	\$ %				#	%	\$ (000s)	\$ %	#
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	2	33.3%	\$147	25.8%	27.5%	0	0.0%	25.4%	\$0	0.0%	20.0%	2	50.0%	21.8%	\$147	44.4%	17.2%	0	0.0%	23.0%	\$0	0.0%	19.0%
	Middle	3	50.0%	\$199	35.0%	51.6%	1	100.0%	50.8%	\$15	100.0%	50.6%	2	50.0%	53.0%	\$184	55.6%	51.4%	0	0.0%	55.1%	\$0	0.0%	54.0%
	Upper	1	16.7%	\$223	39.2%	20.9%	0	0.0%	23.7%	\$0	0.0%	29.4%	0	0.0%	25.1%	\$0	0.0%	31.3%	1	100.0%	21.9%	\$223	100.0%	27.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	6	100.0%	\$569	100.0%	100.0%	1	100.0%	100.0%	\$15	100.0%	100.0%	4	100.0%	100.0%	\$331	100.0%	100.0%	1	100.0%	100.0%	\$223	100.0%	100.0%
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	5	83.3%	\$132	72.9%	27.5%	1	100.0%	24.3%	\$17	100.0%	20.2%	2	100.0%	21.0%	\$73	100.0%	18.3%	2	66.7%	22.4%	\$42	46.2%	19.1%
	Middle	1	16.7%	\$49	27.1%	51.6%	0	0.0%	53.6%	\$0	0.0%	54.2%	0	0.0%	57.1%	\$0	0.0%	54.3%	1	33.3%	53.9%	\$49	53.8%	52.2%
	Upper	0	0.0%	\$0	0.0%	20.9%	0	0.0%	22.2%	\$0	0.0%	25.5%	0	0.0%	21.9%	\$0	0.0%	27.4%	0	0.0%	23.7%	\$0	0.0%	28.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	6	100.0%	\$181	100.0%	100.0%	1	100.0%	100.0%	\$17	100.0%	100.0%	2	100.0%	100.0%	\$73	100.0%	100.0%	3	100.0%	100.0%	\$91	100.0%	100.0%
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	3	50.0%	\$40	72.7%	27.5%	1	50.0%	34.9%	\$25	86.2%	16.0%	1	33.3%	35.3%	\$5	31.3%	13.9%	1	100.0%	38.5%	\$10	100.0%	23.3%
	Middle	3	50.0%	\$15	27.3%	51.6%	1	50.0%	42.8%	\$4	13.8%	47.8%	2	66.7%	51.1%	\$11	68.8%	53.5%	0	0.0%	48.5%	\$0	0.0%	51.9%
	Upper	0	0.0%	\$0	0.0%	20.9%	0	0.0%	22.4%	\$0	0.0%	36.2%	0	0.0%	13.5%	\$0	0.0%	32.7%	0	0.0%	13.0%	\$0	0.0%	24.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	6	100.0%	\$55	100.0%	100.0%	2	100.0%	100.0%	\$29	100.0%	100.0%	3	100.0%	100.0%	\$16	100.0%	100.0%	1	100.0%	100.0%	\$10	100.0%	100.0%
MULTI FAMILY	Multi-Family Units																							
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	67.3%	0	0.0%	54.5%	\$0	0.0%	73.3%	0	0.0%	54.5%	\$0	0.0%	69.3%	0	0.0%	77.8%	\$0	0.0%	98.8%
	Middle	1	100.0%	\$625	100.0%	9.0%	1	100.0%	45.5%	\$625	100.0%	26.7%	0	0.0%	27.3%	\$0	0.0%	29.0%	0	0.0%	22.2%	\$0	0.0%	1.2%
	Upper	0	0.0%	\$0	0.0%	23.7%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	18.2%	\$0	0.0%	1.6%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	1	100.0%	\$625	100.0%	100.0%	1	100.0%	100.0%	\$625	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	10	52.6%	\$319	22.3%	27.5%	2	40.0%	26.0%	\$42	6.1%	22.2%	5	55.6%	22.6%	\$225	53.6%	18.9%	3	60.0%	24.4%	\$52	16.0%	27.4%
	Middle	8	42.1%	\$888	62.1%	51.6%	3	60.0%	51.1%	\$644	93.9%	50.9%	4	44.4%	54.3%	\$195	46.4%	52.0%	1	20.0%	53.9%	\$49	15.1%	47.9%
	Upper	1	5.3%	\$223	15.6%	20.9%	0	0.0%	22.9%	\$0	0.0%	26.9%	0	0.0%	23.1%	\$0	0.0%	29.1%	1	20.0%	21.7%	\$223	68.8%	24.8%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Total	19	100.0%	\$1,430	100.0%	100.0%	5	100.0%	100.0%	\$686	100.0%	100.0%	9	100.0%	100.0%	\$420	100.0%	100.0%	5	100.0%	100.0%	\$324	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

**APPENDIX D – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
 AREA 2014-2016 (Continued)**

Geographic Distribution of Small Business Loans

Assessment Area: TN Knoxville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	3	25.0%	\$1,400	43.5%	30.8%
Middle	5	41.7%	\$474	14.7%	40.2%
Upper	4	33.3%	\$1,343	41.7%	25.4%
Unknown	0	0.0%	\$0	0.0%	3.5%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>12</i>	<i>100.0%</i>	<i>\$3,218</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
 2016 FFIEC Census Data and 2016 D&B Information

**APPENDIX D – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2014-2016 (Continued)**

Borrower Distribution of HMDA Loans
Assessment Area: TN Knoxville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2014, 2015, 2016					Bank & Aggregate Lending Comparison																	
		Bank		Families by Family Income	2014			2015				2016												
		Count	Dollar		Count	Agg	Dollar	Count	Agg	Dollar	Count	Agg	Dollar	Count	Agg	Dollar								
				#													%	\$ (000s)	\$ %	%	#	%	\$ (000s)	\$ %
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	22.6%	0	0.0%	10.0%	\$0	0.0%	5.2%	0	0.0%	8.6%	\$0	0.0%	5.2%	0	0.0%	9.2%	\$0	0.0%	4.9%
	Moderate	2	33.3%	\$140	24.6%	15.4%	1	100.0%	22.3%	\$15	100.0%	16.9%	1	25.0%	21.7%	\$125	37.8%	16.9%	0	0.0%	20.9%	\$0	0.0%	16.5%
	Middle	1	16.7%	\$223	39.2%	22.4%	0	0.0%	18.7%	\$0	0.0%	18.2%	0	0.0%	19.1%	\$0	0.0%	18.0%	1	100.0%	20.5%	\$223	100.0%	19.1%
	Upper	3	50.0%	\$206	36.2%	39.6%	0	0.0%	27.5%	\$0	0.0%	39.2%	3	75.0%	28.6%	\$206	62.2%	40.0%	0	0.0%	28.0%	\$0	0.0%	39.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	21.5%	\$0	0.0%	20.5%	0	0.0%	22.0%	\$0	0.0%	19.8%	0	0.0%	21.4%	\$0	0.0%	20.0%
	Total	6	100.0%	\$569	100.0%	100.0%	1	100.0%	100.0%	\$15	100.0%	100.0%	4	100.0%	100.0%	\$331	100.0%	100.0%	1	100.0%	100.0%	\$223	100.0%	100.0%
REFINANCE	Low	1	16.7%	\$46	25.4%	22.6%	0	0.0%	10.6%	\$0	0.0%	5.7%	1	50.0%	7.2%	\$46	63.0%	3.5%	0	0.0%	7.1%	\$0	0.0%	3.6%
	Moderate	0	0.0%	\$0	0.0%	15.4%	0	0.0%	17.5%	\$0	0.0%	13.1%	0	0.0%	14.6%	\$0	0.0%	10.4%	0	0.0%	12.9%	\$0	0.0%	9.2%
	Middle	0	0.0%	\$0	0.0%	22.4%	0	0.0%	19.8%	\$0	0.0%	17.0%	0	0.0%	18.6%	\$0	0.0%	16.0%	0	0.0%	16.6%	\$0	0.0%	13.2%
	Upper	5	83.3%	\$135	74.6%	39.6%	1	100.0%	34.0%	\$17	100.0%	43.9%	1	50.0%	38.0%	\$27	37.0%	46.9%	3	100.0%	37.3%	\$91	100.0%	48.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	18.1%	\$0	0.0%	20.2%	0	0.0%	21.6%	\$0	0.0%	23.2%	0	0.0%	26.1%	\$0	0.0%	25.5%
	Total	6	100.0%	\$181	100.0%	100.0%	1	100.0%	100.0%	\$17	100.0%	100.0%	2	100.0%	100.0%	\$73	100.0%	100.0%	3	100.0%	100.0%	\$91	100.0%	100.0%
HOME IMPROVEMENT	Low	1	16.7%	\$4	7.3%	22.6%	1	50.0%	18.4%	\$4	13.8%	3.4%	0	0.0%	18.0%	\$0	0.0%	2.1%	0	0.0%	21.5%	\$0	0.0%	9.6%
	Moderate	0	0.0%	\$0	0.0%	15.4%	0	0.0%	19.7%	\$0	0.0%	8.5%	0	0.0%	17.3%	\$0	0.0%	10.5%	0	0.0%	17.5%	\$0	0.0%	9.2%
	Middle	1	16.7%	\$25	45.5%	22.4%	1	50.0%	27.0%	\$25	86.2%	23.1%	0	0.0%	29.3%	\$0	0.0%	22.7%	0	0.0%	26.0%	\$0	0.0%	22.1%
	Upper	1	16.7%	\$6	10.9%	39.6%	0	0.0%	31.6%	\$0	0.0%	56.7%	1	33.3%	29.3%	\$6	37.5%	57.5%	0	0.0%	30.5%	\$0	0.0%	49.4%
	Unknown	3	50.0%	\$20	36.4%	0.0%	0	0.0%	3.3%	\$0	0.0%	8.4%	2	66.7%	6.0%	\$10	62.5%	7.1%	1	100.0%	4.5%	\$10	100.0%	9.7%
	Total	6	100.0%	\$55	100.0%	100.0%	2	100.0%	100.0%	\$29	100.0%	100.0%	3	100.0%	100.0%	\$16	100.0%	100.0%	1	100.0%	100.0%	\$10	100.0%	100.0%
MULTIFAMILY	Low	0	0.0%	\$0	0.0%	22.6%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	15.4%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	22.4%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	39.6%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	1	100.0%	\$625	100.0%	0.0%	1	100.0%	100.0%	\$625	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
	Total	1	100.0%	\$625	100.0%	100.0%	1	100.0%	100.0%	\$625	100.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%	0	0.0%	100.0%	\$0	0.0%	100.0%
HMDA TOTALS	Low	2	10.5%	\$50	3.5%	22.6%	1	20.0%	10.9%	\$4	0.6%	5.1%	1	11.1%	8.7%	\$46	11.0%	4.4%	0	0.0%	9.5%	\$0	0.0%	4.0%
	Moderate	2	10.5%	\$140	9.8%	15.4%	1	20.0%	20.1%	\$15	2.2%	14.6%	1	11.1%	18.6%	\$125	29.8%	13.8%	0	0.0%	17.7%	\$0	0.0%	12.1%
	Middle	2	10.5%	\$248	17.3%	22.4%	1	20.0%	19.7%	\$25	3.6%	17.1%	0	0.0%	19.5%	\$0	0.0%	16.9%	1	20.0%	19.5%	\$223	68.8%	15.2%
	Upper	9	47.4%	\$347	24.3%	39.6%	1	20.0%	30.1%	\$17	2.5%	39.8%	5	55.6%	32.1%	\$239	56.9%	42.1%	3	60.0%	31.4%	\$91	28.1%	38.8%
	Unknown	4	21.1%	\$645	45.1%	0.0%	1	20.0%	19.2%	\$625	91.1%	23.3%	2	22.2%	21.2%	\$10	2.4%	22.8%	1	20.0%	21.9%	\$10	3.1%	29.9%
	Total	19	100.0%	\$1,430	100.0%	100.0%	5	100.0%	100.0%	\$686	100.0%	100.0%	9	100.0%	100.0%	\$420	100.0%	100.0%	5	100.0%	100.0%	\$324	100.0%	100.0%

Originations & Purchases
2016 FFIEC Census Data and 2010 ACS Data

**APPENDIX D – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2014-2016 (Continued)**

Small Business Loans by Business Revenue & Loan Size

Assessment Area: TN Knoxville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2014, 2015, 2016				
		Bank				Total Businesses %
		Count		\$ (000s)		
#	%	\$	%			
BUSINESS REVENUE	\$1million or Less	10	83.3%	\$2,198	68.3%	89.6%
	Over \$1 Million	2	16.7%	\$1,020	31.7%	9.4%
	<i>Total Rev. available</i>	12	100.0%	\$3,218	100.0%	99.0%
	Rev. Not Known	0	0.0%	\$0	0.0%	1.0%
	<i>Total</i>	12	100.0%	\$3,218	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	6	50.0%	\$470	14.6%	
	\$100,001 - \$250,000	3	25.0%	\$498	15.5%	
	\$250,001 - \$1 Million	3	25.0%	\$2,250	69.9%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	12	100.0%	\$3,218	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	5	50.0%	\$450	20.5%	
	\$100,001 - \$250,000	3	30.0%	\$498	22.7%	
	\$250,001 - \$1 Million	2	20.0%	\$1,250	56.9%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	10	100.0%	\$2,198	100.0%	

Originations & Purchases
2016 FFIEC Census Data and 2016 D&B Information

APPENDIX E – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT AREA 2017

Combined Demographics Report

Assessment Area: TN Knoxville

Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0	0	0	0	0	5,116	26.1
Moderate-income	5	27.8	4,532	23.1	977	21.6	3,309	16.9
Middle-income	8	44.4	11,197	57.1	1,503	13.4	3,714	18.9
Upper-income	4	22.2	3,892	19.8	245	6.3	7,482	38.1
Unknown-income	1	5.6	0	0	0	0	0	0
Total Assessment Area	18	100.0	19,621	100.0	2,725	13.9	19,621	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0	0	0	0	0	0
Moderate-income	8,922	3,781	18.1	42.4	4,105	46	1,036	11.6
Middle-income	18,812	12,478	59.7	66.3	3,838	20.4	2,496	13.3
Upper-income	7,033	4,642	22.2	66	1,768	25.1	623	8.9
Unknown-income	0	0	0	0	0	0	0	0
Total Assessment Area	34,767	20,901	100.0	60.1	9,711	27.9	4,155	12.0
	Total Businesses by Tract	Businesses by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	638	24.8	561	24.6	62	23	15	51.7
Middle-income	1,146	44.5	1,047	46	91	33.8	8	27.6
Upper-income	656	25.5	589	25.9	62	23	5	17.2
Unknown-income	134	5.2	79	3.5	54	20.1	1	3.4
Total Assessment Area	2,574	100.0	2,276	100.0	269	100.0	29	100.0
Percentage of Total Businesses:			88.4		10.5		1.1	
	Total Farms by Tract	Farms by Tract & Revenue Size						
		Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported		
		#	%	#	%	#	%	#
Low-income	0	0	0	0	0	0	0	0
Moderate-income	5	14.3	5	14.7	0	0	0	0
Middle-income	24	68.6	24	70.6	0	0	0	0
Upper-income	5	14.3	5	14.7	0	0	0	0
Unknown-income	1	2.9	0	0	1	100	0	0
Total Assessment Area	35	100.0	34	100.0	1	100.0	0	.0
Percentage of Total Farms:			97.1		2.9		.0	

2017 FFIEC Census Data and 2017 D&B Information

**APPENDIX E – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2017 (Continued)**

Geographic Distribution of HMDA Loans

Assessment Area: TN Knoxville

PRODUCT TYPE	Tract Income Levels	Bank Lending & Demographic Data Comparison 2017					Bank & Aggregate Lending Comparison 2017					
		Bank		Owner Occupied Units	Count		Dollar		Bank	Agg	Bank	Agg
		Count	Dollar		Bank	Agg	Dollar	Agg				
		#	%	\$ (000s)	\$ %	%	#	%	%	\$ (000s)	\$ %	\$ %
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	17.8%	\$0	0.0%	14.8%
	Middle	0	0.0%	\$0	0.0%	59.7%	0	0.0%	58.3%	\$0	0.0%	55.8%
	Upper	0	0.0%	\$0	0.0%	22.2%	0	0.0%	23.8%	\$0	0.0%	29.3%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	18.1%	0	0.0%	16.0%	\$0	0.0%	13.8%
	Middle	0	0.0%	\$0	0.0%	59.7%	0	0.0%	61.1%	\$0	0.0%	58.2%
	Upper	0	0.0%	\$0	0.0%	22.2%	0	0.0%	22.9%	\$0	0.0%	28.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	1	100.0%	\$10	100.0%	18.1%	1	100.0%	29.5%	\$10	100.0%	18.7%
	Middle	0	0.0%	\$0	0.0%	59.7%	0	0.0%	49.3%	\$0	0.0%	44.8%
	Upper	0	0.0%	\$0	0.0%	22.2%	0	0.0%	21.2%	\$0	0.0%	36.5%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$10</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY				Multi-Family Units								
	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	59.0%	0	0.0%	62.5%	\$0	0.0%	12.9%
	Middle	1	100.0%	\$441	100.0%	11.8%	1	100.0%	25.0%	\$441	100.0%	3.0%
	Upper	0	0.0%	\$0	0.0%	29.2%	0	0.0%	12.5%	\$0	0.0%	84.1%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$441</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$441</i>	<i>100.0%</i>	<i>100.0%</i>	
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	1	50.0%	\$10	2.2%	18.1%	1	50.0%	18.4%	\$10	2.2%	14.5%
	Middle	1	50.0%	\$441	97.8%	59.7%	1	50.0%	58.3%	\$441	97.8%	52.8%
	Upper	0	0.0%	\$0	0.0%	22.2%	0	0.0%	23.3%	\$0	0.0%	32.6%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	0.1%	\$0	0.0%	0.1%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$451</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$451</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
2017 FFIEC Census Data and 2015 ACS Data

**APPENDIX E – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
 AREA 2017 (Continued)**

Geographic Distribution of Small Business Loans

Assessment Area: TN Knoxville

Tract Income Levels	Bank Lending & Demographic Data Comparison 2017				
	Count		Bank Dollar		Small Businesses
	#	%	\$ (000s)	\$ %	%
Low	0	0.0%	\$0	0.0%	0.0%
Moderate	5	62.5%	\$1,034	71.5%	24.6%
Middle	2	25.0%	\$262	18.1%	46.0%
Upper	1	12.5%	\$150	10.4%	25.9%
Unknown	0	0.0%	\$0	0.0%	3.5%
Tr Unknown	0	0.0%	\$0	0.0%	
<i>Total</i>	<i>8</i>	<i>100.0%</i>	<i>\$1,446</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
 2017 FFIEC Census Data and 2017 D&B Information

**APPENDIX E – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
 AREA 2017 (Continued)**

Borrower Distribution of HMDA Loans

Assessment Area: TN Knoxville

PRODUCT TYPE	Borrower Income Levels	Bank Lending & Demographic Data Comparison 2017					Bank & Aggregate Lending Comparison 2017					
		Bank				Families by Family Income %	Count			Dollar		
		Count		Dollar			Bank	Agg	Bank		Agg	
		#	%	\$ (000s)	\$ %	#			%	%		\$ (000s)
HOME PURCHASE	Low	0	0.0%	\$0	0.0%	26.1%	0	0.0%	10.0%	\$0	0.0%	5.8%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	21.6%	\$0	0.0%	16.1%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	17.7%	\$0	0.0%	17.4%
	Upper	0	0.0%	\$0	0.0%	38.1%	0	0.0%	26.4%	\$0	0.0%	36.7%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	24.3%	\$0	0.0%	24.0%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
REFINANCE	Low	0	0.0%	\$0	0.0%	26.1%	0	0.0%	10.5%	\$0	0.0%	5.7%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	14.0%	\$0	0.0%	9.4%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	19.9%	\$0	0.0%	18.2%
	Upper	0	0.0%	\$0	0.0%	38.1%	0	0.0%	33.9%	\$0	0.0%	41.0%
	Unknown	0	0.0%	\$0	0.0%	0.0%	0	0.0%	21.7%	\$0	0.0%	25.7%
	<i>Total</i>	<i>0</i>	<i>0.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>0</i>	<i>0.0%</i>	<i>100.0%</i>	<i>\$0</i>	<i>0.0%</i>	<i>100.0%</i>
HOME IMPROVEMENT	Low	0	0.0%	\$0	0.0%	26.1%	0	0.0%	19.2%	\$0	0.0%	4.3%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	20.5%	\$0	0.0%	12.5%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	19.2%	\$0	0.0%	17.2%
	Upper	0	0.0%	\$0	0.0%	38.1%	0	0.0%	32.2%	\$0	0.0%	52.7%
	Unknown	1	100.0%	\$10	100.0%	0.0%	1	100.0%	8.9%	\$10	100.0%	13.2%
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$10</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$10</i>	<i>100.0%</i>	<i>100.0%</i>
MULTI FAMILY	Low	0	0.0%	\$0	0.0%	26.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Upper	0	0.0%	\$0	0.0%	38.1%	0	0.0%	0.0%	\$0	0.0%	0.0%
	Unknown	1	100.0%	\$441	100.0%	0.0%	1	100.0%	100.0%	\$441	100.0%	100.0%
	<i>Total</i>	<i>1</i>	<i>100.0%</i>	<i>\$441</i>	<i>100.0%</i>	<i>100.0%</i>	<i>1</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$441</i>	<i>100.0%</i>	<i>100.0%</i>
HMDA TOTALS	Low	0	0.0%	\$0	0.0%	26.1%	0	0.0%	10.8%	\$0	0.0%	5.4%
	Moderate	0	0.0%	\$0	0.0%	16.9%	0	0.0%	19.2%	\$0	0.0%	13.2%
	Middle	0	0.0%	\$0	0.0%	18.9%	0	0.0%	18.4%	\$0	0.0%	16.5%
	Upper	0	0.0%	\$0	0.0%	38.1%	0	0.0%	28.9%	\$0	0.0%	36.1%
	Unknown	2	100.0%	\$451	100.0%	0.0%	2	100.0%	22.7%	\$451	100.0%	28.9%
	<i>Total</i>	<i>2</i>	<i>100.0%</i>	<i>\$451</i>	<i>100.0%</i>	<i>100.0%</i>	<i>2</i>	<i>100.0%</i>	<i>100.0%</i>	<i>\$451</i>	<i>100.0%</i>	<i>100.0%</i>

Originations & Purchases
 2017 FFIEC Census Data and 2015 ACS Data

**APPENDIX E – DEMOGRAPHIC AND LENDING TABLES FOR LIMITED-SCOPE ASSESSMENT
AREA 2017 (Continued)**

Small Business Loans by Business Revenue & Loan Size

Assessment Area: TN Knoxville

Business Revenue & Loan Size		Bank Lending & Demographic Data Comparison 2017				
		Bank				Total Businesses %
		Count		\$ (000s)		
#	%	\$	%			
BUSINESS REVENUE	\$1million or Less	7	87.5%	\$1,296	89.6%	88.4%
	Over \$1 Million	1	12.5%	\$150	10.4%	10.5%
	<i>Total Rev. available</i>	8	100.0%	\$1,446	100.0%	98.9%
	Rev. Not Known	0	0.0%	\$0	0.0%	1.1%
	<i>Total</i>	8	100.0%	\$1,446	100.0%	100.0%
LOAN SIZE	\$100,000 or Less	2	25.0%	\$72	5.0%	
	\$100,001 - \$250,000	4	50.0%	\$612	42.3%	
	\$250,001 - \$1 Million	2	25.0%	\$761	52.7%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	8	100.0%	\$1,446	100.0%	
LOAN SIZE & Rev \$1 Mill or Less	\$100,000 or Less	2	28.6%	\$72	5.6%	
	\$100,001 - \$250,000	3	42.9%	\$462	35.7%	
	\$250,001 - \$1 Million	2	28.6%	\$761	58.8%	
	Over \$1 Million	0	0.0%	\$0	0.0%	
	<i>Total</i>	7	100.0%	\$1,296	100.0%	

Originations & Purchases
2017 FFIEC Census Data and 2017 D&B Information