

PRESS RELEASE



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Y-12 Federal Credit Union Finalizes Acquisition of First State Bank of the Southeast, Officially Expanding Services into Kentucky

OAK RIDGE, Tenn. and MIDDLESBORO, Ky., July 1, 2025 – Y-12 Federal Credit Union (Y-12 FCU) is pleased to announce the official completion of its acquisition of First State Bank of the Southeast (FSB), effective today, July 1, 2025. This strategic move marks a historic expansion of the Credit Union’s service footprint beyond Tennessee and into neighboring Southeast Kentucky.

With the acquisition now complete, FSB’s eight branch locations are officially part of the Y-12 Credit Union branch network. For now, these branches will continue normal operations as FSB, a Division of Y-12 Credit Union. This name and branding will remain in place until full system integration is completed sometime in 2026.

What this means for FSB customers:

- There are no immediate changes to your accounts, debit cards, checks, or how you access services.
- It’s business as usual at your local branch.
- Y-12 Credit Union will provide at least 30 days’ notice before any changes related to system integration take effect.

Together, Y-12 Credit Union and FSB bring more than 200 years of combined service to the region—grounded in shared values of community, personalized support, and long-term financial well-being.

“This is an exciting and transformative moment for our organization,” said Dustin Millaway, President and CEO of Y-12 Credit Union. “The completion of this acquisition allows us to bring our Credit Union membership benefits to thousands of new individuals and businesses throughout Southeast Kentucky and Northeast Tennessee. We’re honored to continue FSB’s long-standing community legacy while introducing expanded services and digital tools that create even more financial opportunity.”

FSB customers will benefit from access to a wider selection of loan products, additional branch locations, enhanced digital banking capabilities, and expanded investment and retirement services. More importantly, Y-12 Credit Union remains committed to maintaining the personalized, community-first approach on which both institutions have built their reputations.

This acquisition is a key component of Y-12 Credit Union's long-term growth strategy and reaffirms its place as a leading financial services provider in the region. The finalized acquisition positions the Credit Union to now serve more than 140,000 members with over \$2.6 billion in assets.

For more information about the acquisition and what it means for current FSB customers, visit y12fcu.org/strongertogether.

Advisory Partners:

Mercer Capital Inc. served as financial advisor to Y-12 FCU, and Honigman LLP served as its legal advisor. Hovde Group, LLC acted as financial advisor to First State Bank of the Southeast, and Wyatt, Tarrant & Combs, LLP served as its legal advisor. Cornerstone Advisors provided support on diligence and communications strategy.

About Y-12 Credit Union:

Y-12 Credit Union, founded in 1950 in Oak Ridge, TN, is committed to transforming members' lives with innovative, member-first banking solutions. Serving Tennessee, Kentucky, Alabama, Georgia, North Carolina, and Virginia, it offers 16 convenient branches across East Tennessee and seamless digital banking options. Membership is also available through the Y-12 FCU Gives Foundation. Visit the [website](#) or a branch to experience the Credit Union difference.

About First State Bank of the Southeast:

Founded in 1899 by George H. Reese in Pineville, Kentucky, First State Bank of the Southeast has built a legacy of trust, community, and customer service. Known early on as "Mr. Reese's Bank," the institution's success stems from its founder's dedication to providing dependable banking services. The Reese family has continued this tradition, guiding the bank through over a century of growth. With eight branch locations in Pineville, Middlesboro, London, Williamsburg, Lexington, and New Tazewell, the bank still upholds its founding values, ensuring exceptional customer care and community support. To learn more about First State Bank of the Southeast, visit the [website](#) or a branch location nearest you.

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