

PUBLIC DISCLOSURE

May 17, 2021

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Southeastern Bank
Certificate Number: 5685

1010 North Way Street
Darien, Georgia 31305

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

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Atlanta, Georgia 30309-3849

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

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INSTITUTION RATING

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

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

The Lending Test is rated Satisfactory.

- The loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment areas' credit needs.
- A majority of the bank's home mortgage loans and small business loans reviewed were originated in the bank's assessment areas.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment areas.
- The distribution of borrowers reflects reasonable penetration among individuals of different income levels and businesses of different sizes.
- The bank did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Satisfactory.

- The bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment areas. The bank met these needs through community development loans, qualified investments, and community development services, as appropriate. Examiners considered the bank's capacity and the need and availability of such opportunities for community development in the assessment areas.

DESCRIPTION OF INSTITUTION

Background

Southeastern Bank is a state-chartered commercial bank headquartered in Darien, Georgia. The bank is wholly owned by Southeastern Banking Corporation, a one-bank holding company located in Darien, Georgia. Southeastern Bank received a Satisfactory Community Reinvestment Act (CRA) rating at the previous FDIC Performance Evaluation, dated June 25, 2018, based on Interagency Intermediate Small Institution Examination Procedures.

Operations

Southeastern Bank operates 10 full-service offices throughout southeast Georgia and northeast Florida. Eight offices, including the main office, are located in Georgia; and two offices are located in Florida. The Georgia offices are located in six counties, in the following cities: Brunswick (Glynn County), Darien (McIntosh County), Folkston (Charlton County), Kingsland (Camden County), Nahunta (Brantley County), Richmond Hill (Bryan County), and Townsend (McIntosh County). In October 2018, the bank closed its Woodbine, Georgia (Camden County) office; however, continues to maintain an automated teller machine (ATM) at that location. Additionally, in August 2020, the bank opened a branch in St. Simons Island, Georgia (Glynn County). Both Florida offices are located in Nassau County, in the cities of Callahan and Hilliard.

Southeastern Bank offers a variety of products and services to meet the needs of its communities. Consumer credit products include installment loans, home equity lines of credit, credit cards, and one-to-four family residential mortgages. In addition, the bank offers small dollar consumer installment loans. Commercial credit products include commercial real estate loans, equipment loans, construction loans, and commercial lines of credit. Deposit products offered include checking, savings, and money market accounts, certificates of deposit, and individual retirement accounts. Alternative banking services include internet banking, mobile banking (including mobile deposit), and ATMs.

The bank originates small dollar loans throughout its assessment areas to serve the community. The bank offers two small dollar loan programs. One program is a closed-end installment loan, and the other program is a revolving overdraft line of credit. Both programs require proof of identity and address, income verification, and credit report review. From the last evaluation through December 31, 2020, the bank originated 85 closed-end loans under or equal to \$1,000 totaling \$59,660 and 541 loans for \$933,393 in amounts greater than \$1,000 but less than \$2,500. For the same period, the bank originated 35 overdraft lines of credit in amounts less than or equal to \$1,000 totaling \$23,000 and 5 loans for \$10,500 in amounts greater than \$1,000 but less than \$2,500.

The bank also offers loans through the Small Business Administration (SBA), such as the Paycheck Protection Program (PPP). During the evaluation period, the bank originated 647 PPP loans totaling \$41.3 million. The SBA guarantees these loans under the Coronavirus Aid, Relief, and Economic Security Act. The loans serve to retain jobs that would otherwise be lost due to business closures because of the COVID-19 emergency.

Ability and Capacity

Southeastern Bank's assets totaled \$537.7 million as of December 31, 2020. Total loans and total deposits were \$264.6 million and \$480.2 million, respectively. Since the previous evaluation, the loan portfolio composition has remained relatively stable, and the bank's business focus continues to center on commercial lending. As shown in the following table, loans secured by nonfarm nonresidential properties or commercial and industrial loans comprise 39.0 percent of total loans, and loans secured by one-to-four family residential properties comprise 31.7 percent of total loans. Farm loans were not considered a major product line as it represent only 7.3 percent of the loan portfolio. Further, in 2020, farm loans only represented 2.5 percent of the number and 4.2 percent of the dollar of loans originated. Therefore, farm loans provided no material support for conclusions or ratings and are not presented.

Loan Portfolio Distribution as of 12/31/2020		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	41,463	15.7
Secured by Farmland	3,232	1.2
Secured by 1-4 Family Residential Properties	83,871	31.7
Secured by Multifamily (5 or more) Residential Properties	4,986	1.9
Secured by Nonfarm Nonresidential Properties	65,841	24.9
Total Real Estate Loans	199,393	75.4
Commercial and Industrial Loans	37,335	14.1
Agricultural Production and Other Loans to Farmers	16,168	6.1
Consumer Loans	8,882	3.4
Other Loans	3,228	1.2
Lease Financing Receivable (net of unearned income)	0	0.0
Less: Unearned Income	436	0.2
Total Loans	264,570	100.0
<i>Source: Reports of Condition and Income (Call Report)</i>		

The bank provides for the credit needs of its communities in a manner consistent with its size, financial condition, resources, and local economic conditions. While examiners did not identify any financial or legal impediments that affect the bank's ability to meet the assessment area's credit needs, several economic and demographic indicators could affect the bank's lending opportunities.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more assessment areas within which its performance will be evaluated. Southeastern Bank operates within two rated areas, which includes four assessment areas. In particular, bank management has designated three assessment areas in Georgia and one assessment area in Florida, which remain unchanged since the previous evaluation. The Georgia (GA) assessment areas include: Brantley, Glynn, and McIntosh Counties, comprising the entire Brunswick, GA Metropolitan Statistical Area (MSA); Bryan County which comprises a portion of the Savannah, GA MSA; and Camden and Charlton Counties, comprising a portion of the Georgia Non-MSA. The Florida assessment area includes Nassau County, comprising a portion of the

Jacksonville, FL MSA. The assessment areas consist of whole census tracts and counties, and do not arbitrarily exclude low- or moderate-income areas. Refer to the rated areas and individual assessment areas for additional information.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the previous evaluation dated June 25, 2018, to the current evaluation dated May 17, 2021. Examiners used Interagency Intermediate Small Institution Examination Procedures to evaluate Southeastern Bank’s CRA performance. As described in the Appendices, these procedures include a Lending Test and Community Development Test. Banks must achieve at least a satisfactory rating under each test to obtain an overall Satisfactory rating. This evaluation does not include any lending activity performed by affiliates.

Examiners evaluate a bank’s lending data, deposit activity, and number of branches to determine which rated area will receive the most weight in assigning the overall rating. As shown in the following table, the state of Georgia has a majority of lending (93.2 percent), deposits (84.6 percent), and branch activity (80.0 percent); consequently, examiners gave the most weight to the bank’s lending performance in Georgia overall.

In consideration of the aforementioned factors, examiners conducted a full-scope review of Southeastern Bank’s CRA performance in the Brunswick, GA MSA, Georgia Non-MSA, and Jacksonville, FL MSA assessment areas. Examiners conducted a limited-scope review of Southeastern Bank’s performance in the Savannah, GA MSA assessment area.

Assessment Area Breakdown of Loans, Deposits, and Branches						
Assessment Area	Loans (Reviewed)		Deposits		Branches	
	\$(000s)	%	\$(000s)	%	#	%
Brunswick, GA MSA	42,222	77.1	230,869	52.5	5	50.0
Georgia Non-MSA	4,848	8.9	110,197	25.1	2	20.0
Savannah, GA MSA	3,925	7.2	30,740	7.0	1	10.0
Georgia Subtotal	50,995	93.2	371,806	84.6	8	80.0
Jacksonville, FL MSA	3,723	6.8	67,678	15.4	2	20.0
Florida Subtotal	3,723	6.8	67,678	15.4	2	18.2
Total	54,718	100.0	439,484	100.0	10	100.0

Source: Bank Records (Small Business Loans 01/01/2020 – 12/31/2020; HMDA Loans 01/01/2019 – 12/31/2020); FDIC Summary of Deposits (06/30/2020)

Activities Reviewed

Southeastern Bank’s major product line is small business loans, followed by home mortgage loans. In reaching this conclusion, examiners considered the bank’s business strategy as well as the number and dollar volume of loans originated during the evaluation period. Small business loans received greater weight in the overall Lending Test conclusions, as it constituted a majority of loan originations during the evaluation period and represent the bank’s primary business focus.

Examiners reviewed the universe of home mortgage loans reported pursuant to the Home Mortgage Disclosure Act (HMDA) in 2019 and 2020. The bank originated 186 and 185 home mortgage loans totaling \$26.6 million and \$39 million in 2018 and 2019, respectively. The bank's 2019 HMDA lending performance for the Geographic Distribution and Borrower Profile criterion was compared against demographic data, including 2015 American Community Survey (ACS) data, as well as aggregate data for 2019. Due to the 2020 aggregate data not being available, the 2020 HMDA lending performance was limited to a comparison to the demographic data.

Examiners reviewed a sample of small business loans originated in 2020 to draw conclusions about the bank's small business lending performance. In 2020, the bank originated 775 small business loans totaling \$73.3 million. Examiners reviewed a random sample of 90 loans totaling \$4.2 million to evaluate the bank's Lending Test performance. The sample is representative of the bank's performance during the evaluation period. As a non-reporter, aggregate small business lending data does not serve as an appropriate comparison; therefore, examiners compared the bank's small business lending performance to 2020 Dun and Bradstreet (D&B) business demographic data. For the Lending Test, examiners reviewed the number and dollar volume of small business and home mortgage loans. While the tables throughout this evaluation present both the number and dollar volume of loans, examiners emphasized performance by number of loans, as the number of loans is a better indicator of the number of individuals and businesses served.

For the Community Development Test, examiners drew conclusions based on the data that bank management provided for community development loans, qualified investments, and community development services since the previous evaluation, dated June 25, 2018.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

Southeastern Bank demonstrated reasonable performance under the Lending Test. This conclusion is supported by a reasonable LTD ratio; a majority of loans were originated in the bank's assessment areas; the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas; the distribution of borrowers reflects reasonable penetration among individuals of different income levels as well as businesses of different sizes; and the bank has not received any CRA-related complaints. Conclusions regarding the overall performance are consistent with the conclusions for each rated area.

Loan-to-Deposit Ratio (LTD)

The LTD ratio is reasonable given the bank's size, financial condition, and assessment areas' credit needs. Southeastern Bank's LTD ratio, calculated from its Call Report, averaged 57.8 percent over the previous 11 quarters. The ratio has fluctuated quarter-to-quarter, with no trend noted. Since the previous evaluation, the LTD ratio has ranged from a low of 52.7 percent on June 30, 2018, to a high of 62.5 percent on September 30, 2019. Of note, both total deposits and net loans increased in 2020. Total deposits increased from \$401.8 million as of year-end 2019 to \$480.2 million as of December 31, 2020. Net loans increased from \$234.3 million as of year-end 2019 to \$257.9 million as of December 31, 2020.

The following table shows the average net LTD ratio for Southeastern Bank and two similarly situated banks in terms of asset size, branching network and product offerings for the same period. As shown in the table, Southeastern Bank’s average net LTD ratio is comparable to the similarly situated institutions.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2020 \$(000s)	Average Net LTDR (%)
Southeastern Bank, Darien, GA	538	57.8
South Georgia Banking Company, Omega, GA	540	60.5
First National Bank of Coffee County, Douglas, GA	310	69.3

Source: Call Reports June 30, 2018, through December 31, 2020

Assessment Area Concentration

Overall, Southeastern Bank originated a majority of loans by both number and dollar volume within the assessment areas. As illustrated in the following table, the bank originated 82.2 percent and 87.3 percent of small business (sampled) and home mortgage loans inside the assessment area, respectively. This performance demonstrates Southeastern Bank’s efforts to provide credit services to businesses and individuals located inside the assessment areas.

Lending Inside and Outside of the Assessment Area										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2019	167	89.8	19	10.2	186	21,160	79.7	5,399	20.3	26,559
2020	157	84.9	28	15.1	185	30,482	78.1	8,523	21.9	39,005
Subtotal	324	87.3	47	12.7	371	51,642	78.8	13,922	21.2	65,564
Small Business										
2020	74	82.2	16	17.8	90	3,076	72.6	1,164	27.4	4,240
Subtotal	74	82.2	16	17.8	90	3,076	72.6	1,164	27.4	4,240

Source: Bank Data. Due to rounding, totals may not equal 100.0%

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion. This conclusion is supported by reasonable performance in Georgia and poor performance in Florida. Tables illustrating the geographic distribution for each assessment area are included within the respective assessment area section.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels as well as businesses of different sizes. This conclusion is supported by reasonable performance in Georgia and Florida. Tables illustrating the borrower profile distribution for each assessment area are included within the respective assessment area section.

Response to Complaints

The bank has not received any CRA-related complaints since the previous evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

Southeastern Bank's community development performance demonstrates adequate responsiveness to the community development needs of the assessment areas. The bank met these needs through community development loans, qualified investments, and community development services. When evaluating this test, examiners consider a bank's capacity and the need and availability of such opportunities for community development in bank's assessment areas.

Community Development Loans

Southeastern Bank originated or renewed 26 community development loans totaling \$18.6 million during the evaluation period. Of this total, the bank originated 10 loans totaling \$5.3 million through the Small Business Administration's Paycheck Protection Program (PPP), accounting for 38.5 percent and 28.5 percent of total community development loans, by number and dollar, respectively. The PPP is a temporary program created through the Coronavirus Aid, Relief, and Economic Security Act with an intent to provide economic relief to small businesses adversely impacted under the Coronavirus Disease 2019 (COVID-19) Emergency Declaration issued on March 13, 2020. The PPP supports economic development by sustaining small business operations through job retention.

The dollar volume of community development loans equates to 7.0 percent of total loans and 3.5 percent of total assets, as of December 31, 2020. Of note, the number of community development loans has decreased by 19.2 percent since the previous evaluation; however, the dollar volume of community development loans has increased by 10.2 percent. The increase in dollar volume resulted from the addition of the PPP loans. Further, the bank's community development loans were responsive to the assessment areas' needs and opportunities for community development lending.

By number of community development loans, 88.5 percent were originated in Georgia, 7.7 percent were originated in Florida, and 3.8 percent were originated to an organization that serves assessment areas within both states. The following table illustrates the bank's community development loans by activity year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	1	2,000	1	665	0	0	2	2,665
2019	3	4,261	2	2,075	2	1,192	0	0	7	7,528
2020	3	601	8	4,465	1	356	2	2,193	14	7,615
YTD 2021	0	0	3	807	0	0	0	0	3	807
Total	6	4,862	14	9,347	4	2,213	2	2,193	26	18,615

Source: Bank Data

The following example details a community development loan that benefitted multiple rated areas.

- The bank originated one PPP loan totaling \$1,950,405 that helped retain 89 employees for an organization located in a moderate-income census tract that covers southeast Georgia and northeast Florida.

Refer to the Community Development Loans section within each rated area and assessment area for further details on community development loans.

Qualified Investments

Southeastern Bank made 81 qualified investments, totaling \$12.6 million, during the evaluation period. As of December 31, 2020, the bank’s qualified investments, grants, and donations equates to 9.6 percent of the total securities and 2.3 percent of total assets. This total includes 15 outstanding qualified investments totaling \$5.9 million from the prior evaluation period, 9 new investments totaling \$6.5 million, and 57 donations totaling \$138,611 to organizations that support community development initiatives. This level of qualified investments, by number and dollar volume, reflects a significant decrease since the previous evaluation. The major difference is that the numbers do not include 32 nationwide SBA bonds totaling \$24.1 million collateralized by loans that are substantially located outside the bank’s assessment areas. However, these SBA bonds were considered and are underwritten to include the states of Georgia and Florida, which could include the bank’s assessment areas. The following table reflects the bank’s qualified investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	3	1,207	9	3,815	1	338	2	505	15	5,865
2018	0	0	0	0	0	0	1	781	1	781
2019	1	1,036	0	0	1	573	0	0	2	1,609
2020	2	2,121	2	1,058	0	0	1	511	5	3,690
YTD 2021	0	0	0	0	0	0	1	479	1	479
Subtotal	6	4,364	11	4,873	2	911	5	2,276	24	12,424
Qualified Grants & Donations	3	8	51	130	0	0	3	1	57	139
Total	9	4,372	67	5,003	2	911	8	2,277	81	12,563

Source: Bank Data

The following example details a community development investment that benefitted multiple rated areas.

- The bank retained a \$337,500 municipal bond that financed economic development projects in the coastal areas of South Carolina and Georgia.

Refer to the Qualified Investments section within each rated area and assessment area for further details on community development investments.

Community Development Services

Bank employees provided 112 community development services during the evaluation period. This performance represents a quantitative increase of 9.8 percent compared to the 102 activities noted at the previous evaluation. In addition, the community development services were responsive to the assessment areas' community development needs. Directors, officers, and employees predominately served in leadership capacities with organizations whose missions are consistent with the definition of community development. The type and level of financial and technical assistance provided varied with each employee and organization, but the assistance was targeted to low- and moderate-income individuals and areas as well as small businesses.

By purpose, a majority of community development services provided during the evaluation period supported economic development or essential community services, totaling 75.9 percent of bank-wide services. By rated area, a majority of community development services were provided in Georgia, totaling 80.4 percent of bank-wide services. Further, 14 community development services (12.5 percent) benefitted a multi-state area. The following table illustrates the bank's community services by activity year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	2	3	3	1	9
2019	5	12	16	4	37
2020	5	16	14	3	38
YTD 2021	3	8	13	4	28
Total	15	39	46	12	112
<i>Source: Bank Data</i>					

The following example details all community development services that benefitted small businesses in multiple rated areas.

- Four bank representatives served three years each on the Board of a non-profit, small business incubator offering loans to banks and small businesses in 18 counties throughout southeast Georgia, northeast Florida, and the South Carolina Low Country areas. The mission of the organization is to provide small business loans that facilitate job creation and retention. In addition, two bank employees taught financial empowerment workshops on topics including online and mobile banking.

Refer to the Community Development Services section within each rated area and assessment area for further details on community development services.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

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

STATE OF GEORGIA

CRA RATING FOR GEORGIA: SATISFACTORY

The Lending Test is rated: Satisfactory

The Community Development Test is rated: Satisfactory

DESCRIPTION OF INSTITUTION'S OPERATIONS IN GEORGIA

Southeastern Bank operates 8, or 80.0 percent, of its total branch offices in Georgia, including five in the Brunswick, GA MSA assessment area, two in the Georgia Non-MSA assessment area, and one in the Savannah, GA MSA assessment area. Georgia accounts for 84.6 percent of the bank-wide deposits and 93.2 percent of the bank-wide loans reviewed. Overall, Southeastern Bank ranks 51st in the state in deposit market share at 0.1 percent and 218th in the state in home mortgage loan market share at 0.1 percent.

SCOPE OF EVALUATION – GEORGIA

The evaluation of Southeastern Bank's performance in Georgia considered the bank's operations in three assessment areas, which are detailed in the Description of Assessment Areas. Based on the number of loans and branches, as well as dollar volume of deposits, examiners conducted full-scope reviews of the bank's performance in the Brunswick, GA MSA and Georgia Non-MSA assessment areas. Additionally, examiners conducted a limited-scope review of the bank's performance in the Savannah, GA MSA assessment area. During the review period, small business loans were given more weight than home mortgage loans considering the number and dollar volume of these products in the state.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GEORGIA

LENDING TEST

The Lending Test rating for Georgia is Satisfactory. The geographic distribution reflects reasonable dispersion, and the borrower profile reflects reasonable penetration.

Geographic Distribution

Overall, the geographic distribution of loans reflects reasonable dispersion throughout the assessment areas. This conclusion is supported by reasonable performance in the Brunswick, GA MSA, Georgia Non-MSA, and Savannah, GA MSA assessment areas. Tables illustrating the geographic distribution for each assessment area are included within the respective assessment area section.

Borrower Profile

Overall, the distribution of borrowers reflects reasonable penetration among individuals of different income levels as well as businesses of different sizes. This conclusion is supported by reasonable performance in the Brunswick, GA MSA, Georgia Non-MSA, and Savannah, GA MSA assessment

areas. Tables illustrating the borrower profile distribution for each assessment area are included within the respective assessment area section.

COMMUNITY DEVELOPMENT TEST

Southeastern Bank’s community development performance demonstrates adequate responsiveness to community development needs in Georgia through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Bank originated or renewed 23 community development loans totaling \$16.1 million in Georgia during the evaluation period. PPP loans accounted for seven of the community development loans, totaling \$2.8 million. PPP loans represent 30.4 percent, by number of loans, and 17.4 percent, by dollar volume, of total bank-wide community development loans.

The bank originated five community development loans totaling \$1.4 million outside of the assessment areas in Georgia, but within the state of Georgia. Three of the five loans supported affordable housing in counties bordering the bank’s assessment areas and two of the loans were PPP loans benefitting hospices in adjacent counties. Since the bank has been responsive to community development needs and opportunities within its assessment areas, these loans were included in the overall analysis.

As illustrated in the following table, the bank exhibited strongest performance in the Brunswick GA MSA assessment area, which received the greatest weight among assessment areas in Georgia.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Brunswick, GA MSA	1	369	8	8,194	3	1,857	1	242	13	10,662
Georgia Non-MSA	0	0	3	225	0	0	0	0	3	225
Savannah, GA MSA	2	3,857	0	0	0	0	0	0	2	3,857
Statewide Activities	3	636	2	748	0	0	0	0	5	1,384
Total	6	4,862	13	9,167	3	1,857	1	242	23	16,128
<i>Source: Bank Data</i>										

The following examples details community development loans that benefitted the statewide area.

- In 2019 and 2020, the bank originated three loans totaling \$635,555 to refinance an 8-unit apartment complex in Liberty County. The monthly rents for the one (2-units) and three (6-units) bedroom apartments are \$500 and \$600, respectively. The monthly rents are substantially less than 80 percent of the fair market rents published by the U.S. Department of Housing and Urban Development (HUD) for Liberty County, making it affordable housing for low- and moderate-income individuals and families. Liberty County is adjacent to the bank’s assessment areas.

- In 2020, the bank extended two PPP loans totaling \$747,991 to hospices in Liberty and Wayne Counties. The two counties border the bank’s assessment areas and the loan proceeds funded payroll for an essential community service.

Refer to the Community Development Loans section within each assessment area for further details on community development loans.

Qualified Investments

Southeastern Bank made 68 qualified investments, totaling \$6.9 million, during the evaluation period in Georgia. This total includes 12 prior period investments totaling \$4.4 million, 4 new investments totaling \$2.4 million, and 52 donations totaling \$134,261 to organizations that support community development initiatives. The following table reflects the bank’s qualified investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	1	44	9	3,815	0	0	2	505	12	4,364
2018	0	0	0	0	0	0	1	781	1	781
2019	0	0	0	0	1	573	0	0	1	573
2020	0	0	2	1,058	0	0	0	0	2	1,058
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	1	44	11	4,873	1	573	3	1,286	16	6,776
Qualified Grants & Donations	2	5	48	129	0	0	2	1	52	135
Total	3	49	59	5,002	1	573	5	1,287	68	6,911

Source: Bank Data

The following examples detail qualified investments that benefitted the statewide area.

- The bank provided four donations totaling \$102,500 to a hospital program that helped address the financial crisis faced by rural hospitals and increased community access to essential medical care in southeastern Georgia. The program is limited to rural hospitals that accept Medicare and Medicaid and have minimum an annual provision of indigent care.
- The bank continues to retain a \$44,100 investment in Georgia Low-Income Housing Tax Credits collateralized by various low-income housing properties in the state of Georgia.

Refer to the Qualified Investments section within each assessment area for further details on community development investments.

Community Development Services

Bank employees provided 90 community development services in Georgia during the evaluation period. This performance represents 80.4 percent of total bank-wide activities, which is consistent with the statewide share of branches at 80.0 percent. Directors, officers, and employees predominately served in a qualified leadership capacity with an organization, resulting in 83 community development service activities. In addition, during the evaluation period, seven bank representatives taught classes and provided their financial expertise as instructors at various events in Georgia. The following table illustrates the bank’s community development services by assessment area and purpose.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Brunswick, GA MSA	8	24	23	4	59
Georgia Non-MSA	0	12	2	3	17
Savannah, GA MSA	0	3	3	0	6
Statewide Activity	2	0	3	3	8
Total	10	39	31	10	90
<i>Source: Bank Data</i>					

The following examples detail the bank’s community development services that benefitted the statewide or a broader regional area.

- For three years, a member of the directorate served in a Board capacity for an agency serving six coastal counties (Bryan, Camden, Chatham, Glynn, Liberty, McIntosh) and four inland counties (Bulloch, Effingham, Long, Screven). The agency also serves as the Economic Development District for Coastal Georgia, whose goal is for sustainable employment and economic growth in those areas.
- For two years, a bank representative served as a Vice President for a non-profit organization that provides free rehabilitation of houses to people who own their home but are unable to cover the costs of home repair due to physical or financial limitations. Assistance focuses on critical housing repairs for low-income homeowners qualified as low-income per HUD guidelines. Further, eight of nine census tracts in Ware County are low-income or distressed non-metropolitan middle-income census tracts.
- For three years, a bank representative served on the Board of Trustees for an education foundation in Ware County. The mission of the foundation is to facilitate the education of students at this specific campus who require financial support beyond the resources otherwise available to them. The school is also located in an underserved rural, distressed middle-income census tract in Ware County based on high poverty rates.

Refer to the Community Development Services section within each assessment area for further details on community development services.

BRUNSWICK, GA MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN BRUNSWICK, GA MSA ASSESSMENT AREA

Southeastern Bank operates 5 of its 10 full-service branches in the Brunswick, GA MSA assessment area. The assessment area includes all 24 census tracts in the Brunswick, GA MSA, which is comprised of 3 census tracts in Brantley County, 16 in Glynn County, and 5 in McIntosh County.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2020 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	24	4.2	20.8	33.3	29.2	12.5
Population by Geography	114,202	3.6	24.0	44.0	28.4	0.0
Housing Units by Geography	58,738	3.0	21.9	38.3	36.8	0.0
Owner-Occupied Units by Geography	29,079	1.3	19.6	42.2	36.8	0.0
Occupied Rental Units by Geography	15,109	6.5	33.8	37.9	21.7	0.0
Vacant Units by Geography	14,550	2.5	14.1	31.0	52.4	0.0
Businesses by Geography	11,175	6.0	26.7	24.9	42.4	0.0
Farms by Geography	329	2.4	17.9	37.7	41.9	0.0
Family Distribution by Income Level	30,332	22.5	16.0	19.6	41.8	0.0
Household Distribution by Income Level	44,188	25.1	15.3	17.6	42.0	0.0
Median Family Income MSA - 15260 Brunswick, GA MSA		\$52,987	Median Housing Value			\$162,653
			Median Gross Rent			\$804
			Families Below Poverty Level			14.9%

Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The Geographic Distribution criterion compares home mortgage loans to the distribution of owner-occupied housing units and small business loans to the percentage of businesses located in low-, moderate-, middle-, and upper-income census tracts. As illustrated in the previous table, only 1.3 percent of the owner-occupied housing units and 6.0 percent of businesses are located in low-income census tracts; this data indicates limited owner-occupied home mortgage and small business lending opportunities in low-income census tracts. Further, 14.9 percent of families have incomes below the federal poverty level, which poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan.

Examiners used Federal Financial Institutions Examination Council (FFIEC)-updated median family income figures to analyze home mortgage lending under the Borrower Profile criterion. The

following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$58,000)	<\$29,000	\$29,000 to <\$46,400	\$46,400 to <\$69,600	≥\$69,600
2020 (\$71,200)	<\$35,600	\$35,600 to <\$56,960	\$56,960 to <\$85,440	≥\$85,440
<i>Source: FFIEC</i>				

According to 2020 D&B data, 11,175 businesses operated in the assessment area. The analysis of small business loans under the Borrower Profile criterion compares the distribution of businesses by gross annual revenue level. The following reflects gross annual revenues for these businesses:

- 87.2 percent had \$1.0 million or less;
- 3.4 percent had more than \$1.0 million; and
- 9.4 percent of businesses did not provide revenues.

According to Moody’s Analytics, the assessment area’s largest industries include leisure and hospitality services at 21.4 percent, government at 19.7 percent, and education and health services at 13.4 percent. Additionally, Moody’s Analytics reports that the assessment area’s major employers include Southeast Georgia Health System (2,691 employees) and Sea Island Company (1,762 employees).

Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the U.S., state of Georgia, and all counties within the Brunswick, GA MSA significantly increased in 2020 due to the COVID-19 pandemic. The counties in the assessment areas had unemployment rates that were consistent with the state’s rate in 2019 and 2020. These unemployment rates were also consistent with the national rate in 2019; but lower than the national rate in 2020.

Unemployment Rates		
Area	2019	2020
	%	%
Brantley County	4.2	5.4
Glynn County	3.5	6.8
McIntosh County	3.7	5.7
State of Georgia	3.5	6.5
National Average	3.7	8.1
<i>Source: U.S. Bureau of Labor Statistics (not seasonally adjusted)</i>		

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 13 financial institutions operated 37 branches within the assessment area. Of these institutions, Southeastern Bank ranked seventh with a deposit market share of 8.9 percent. The three leading financial institutions were Truist Bank, Ameris Bank, and Synovus Bank, accounting for 42.1 percent of the total deposit market share.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, 247 HMDA-reportable institutions originated or purchased 3,857 residential mortgage loans in the assessment area. By number of loans, Southeastern Bank ranked fifth with a market share of 3.3 percent. The top three lenders, by number of loans, included Quicken Loans, Wells Fargo Bank, NA, and PennyMac Loan Services LLC, accounting for 21.5 percent of the total market share.

Community Contacts

Examiners conducted a community contact with an organization in Glynn County, GA. The contact noted that the area was significantly impacted by the COVID-19 pandemic, as their major industry is leisure and hospitality. However, he noted that the area has bounced back quickly despite facing a shortage of workers. The contact further stated that there are numerous opportunities for local financial institutions to participate in the current development and revitalization of downtown Brunswick, GA. Projects include new residential and retail construction, as well as renovation of large historical buildings. The contact commented that both of the large financial institutions in the area as well as three of the local community banks (including Southeastern Bank) are participating in these projects. Lastly, he stated that these financial institutions are not only great community partners; but are also a major part of the reason why the community is bouncing back from the effects of the pandemic.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 22.5 percent and 16.0 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in low- and moderate-income census tracts, at 59 years and 40 years, respectively, indicates a significant need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority of the assessment area's businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN BRUNSWICK, GA MSA ASSESSMENT AREA

LENDING TEST

Southeastern Bank demonstrated reasonable performance under the Lending Test within the assessment area. The bank’s reasonable performance relative to the geographic distribution and borrower profile criteria supports this conclusion.

Geographic Distribution

The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. This conclusion is based on reasonable dispersions of both small business and home mortgage loans.

Small Business Loans

The geographic distribution of small business loans reflects reasonable dispersion throughout the assessment area. The percentage of sampled small business loans in low- and moderate-income census tracts was slightly below the demographic data. However, the performance reflected over 55 percent of the dollar volume was in moderate-income census tracts. The following table illustrates the dispersion of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2020	6.0	1	2.9	6	0.7
Moderate						
	2020	26.7	8	23.5	501	55.2
Middle						
	2020	24.9	20	58.8	326	35.9
Upper						
	2020	42.4	5	14.7	75	8.2
Totals						
	2020	100.0	34	100.0	908	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The geographic distribution of home mortgage loans reflects reasonable dispersion throughout the assessment area. In 2019, the bank’s performance in low- and moderate-income census tracts was slightly higher than both demographic and aggregate data; and in 2020, performance exceeded demographic data. The following table illustrates the dispersion of home mortgage loans by tract income level.

Geographic Distribution of Home Mortgage Loans							
Tract Income Level		% of Owner-Occupied Housing Units	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2019	1.3	0.6	3	2.3	214	1.4
	2020	1.3	--	5	3.8	3,668	14.2
Moderate							
	2019	19.6	11.8	29	22.5	3,866	24.9
	2020	19.6	--	28	21.2	3,516	13.6
Middle							
	2019	42.2	33.3	65	50.4	6,673	43.0
	2020	42.2	--	67	50.8	10,512	40.8
Upper							
	2019	36.8	54.3	32	24.8	4,766	30.7
	2020	36.8	--	32	24.2	8,100	31.4
Not Available							
	2019	0.0	0.0	0	0.0	0	0.0
	2020	0.0	--	0	0.0	0	0.0
Totals							
	2019	100.0	100.0	129	100.0	15,518	100.0
	2020	100.0	--	132	100.0	25,796	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on reasonable penetration of both small business and home mortgage loans.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. Lending to businesses with gross annual revenues of \$1 million or less was comparable to the percentage of those businesses in the assessment area. The following table illustrates the distribution of loans by gross revenue level of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
≤ \$1,000,000	87.2	29	85.3	463	51.0
> \$1,000,000	3.4	5	14.7	445	49.0
Revenue Not Available	9.4	0	0.0	0	0.0
Total	100.0	34	100.0	908	100.0

Source: 2020 D&B Data; Bank Data. Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As illustrated in the following table, 2019 performance was below the percentage of low- and moderate-income families; however, the bank's performance significantly exceeded aggregate performance. Further, the 2020 performance was below the percentage of low- and moderate-income families. Considering the poverty level of 14.9 percent, this performance is reasonable. In addition, the bank originated 24 (18.6 percent) and 33 (25.0 percent) loans in 2019 and 2020, respectively, to businesses for investment purposes, which are categorized as income not available.

Distribution of Home Mortgage Loans by Borrower Income Level						
Borrower Income Level	% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low						
2019	22.5	4.0	13	10.1	496	3.2
2020	22.5	--	20	15.2	884	3.4
Moderate						
2019	16.0	10.9	17	13.2	710	4.6
2020	16.0	--	11	8.3	692	2.7
Middle						
2019	19.6	17.0	23	17.8	1,258	8.1
2020	19.6	--	21	15.9	1,487	5.8
Upper						
2019	41.8	50.6	52	40.3	5,720	36.9
2020	41.8	--	47	35.6	11,765	45.6
Not Available						
2019	0.0	17.4	24	18.6	7,334	47.3
2020	0.0	--	33	25.0	10,968	42.5
Totals						
2019	100.0	100.0	129	100.0	15,518	100.0
2020	100.0	--	132	100.0	25,796	100.0
<i>Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%</i>						

Southeastern Bank's community development performance demonstrates adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Southeastern Bank originated or renewed 13 community development loans totaling \$10.7 million in the assessment area during the evaluation period. PPP loans account for five of the community development loans, totaling \$2.1 million. By community development purpose, one loan supported affordable housing, eight loans supported community services, three loans supported economic development, and one loan supported revitalization or stabilization. The following table illustrates the bank's community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	1	2,000	1	665	0	0	2	2,665
2019	0	0	1	2,000	2	1,192	0	0	3	3,192
2020	1	369	4	3,462	0	0	1	242	6	4,073
YTD 2021	0	0	2	732	0	0	0	0	2	732
Total	1	369	8	8,194	3	1,857	1	242	13	10,662
<i>Source: Bank Data</i>										

The following are examples of the bank’s community development loans in the assessment area.

- In 2018, the bank originated a \$665,000 loan to a Darien-based nonprofit organization to purchase a 1,148-acre timber tract in McIntosh and Long Counties. The masterplan for the land is a "community forest" that will specifically help address economic empowerment issues faced by African Americans in southeast Georgia. Specifically, the organization’s mission to improve outcomes for low-income families and rural communities through asset-based economic development, education reform, empowerment and environmental preservation. This includes technical assistance for very small or new businesses, asset-based economic development, and housing and land retention. Further, in 2019, the bank extended a \$40,000 loan to provide working capital for this organization’s operations and programs.
- In 2018, 2019, and 2020, a \$2,000,000 loan to the McIntosh County, Georgia, Board of Education to fund tax anticipation notes. The notes financed the operation of public schools in the county. Approximately 86 percent of students in the McIntosh County School system are eligible for the federal free or reduced lunch program.
- In 2020, a \$369,000 loan to fund an 8-unit multi-family housing in downtown Brunswick. The rents for the seven two-bedroom units range from \$400 to \$595, and the rent on the one, four-bedroom unit is \$725. These units constitute affordable housing as the rents on both types units are significantly below 80 percent of fair market rents as published by HUD in 2020.

Qualified Investments

Southeastern Bank made 38 qualified investments, totaling \$3,325,000, during the evaluation period. This total includes eight prior period investments totaling \$3,300,000, and 31 donations totaling \$24,651 to organizations that support community development initiatives. The following table reflects the bank’s qualified investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	8	3,300	0	0	0	0	8	3,300
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	8	3,300	0	0	0	0	8	3,300
Qualified Grants & Donations	2	5	27	19	0	0	2	1	31	25
Total	2	5	35	3,319	0	0	2	1	39	3,325

Source: Bank Data

The following are examples of qualified investments that benefitted the assessment area.

- The bank retained eight prior period bonds totaling \$3.3 million in the McIntosh County School District. The proceeds from these bonds supported construction of a new elementary school, renovated and improved all facilities of the School District, assisted with technology upgrades and purchased new safety equipment. Further, 85.5 percent of the students in McIntosh County qualify for the federal free or reduced lunch program.

Community Development Services

Bank employees provided 59 community development services during the evaluation period to organizations that benefit the assessment area by supplying affordable housing, providing essential community services to low- and moderate-income individuals, supporting economic development, and revitalizing or stabilizing the area. Of note, bank employees held 22 leadership positions in community development organizations during the evaluation period. In addition, bank representatives have provided financial expertise as instructors at four events benefitting 180 individuals. The following table illustrates the bank’s community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	1	1	1	0	3
2019	3	7	8	1	19
2020	3	11	7	1	22
YTD 2021	1	5	7	2	15
Total	8	24	23	4	59

Source: Bank Data

The following are examples of the bank's community development service activities in the assessment area.

- For three years, a branch manager serves on the Board of a non-profit organization whose mission is to provide affordable housing for low-income families.
- For two years, a member of senior management served on the Board for an organization that promotes economic development and revitalization of the downtown area for the city of Darien.
- For three years, a member of senior management served on a revolving loan committee that funds economic development projects that create or retain jobs for low-and-moderate-income individuals; prevent or eliminate slums and blight; or assist businesses that provide goods or services needed by and affordable to, low-and moderate-income residents.

GA NON-MSA ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN GA NON-MSA ASSESSMENT AREA

Southeastern Bank operates 2 of its 10 full-service branches in the GA Non-MSA assessment area. The assessment area includes all 11 census tracts in Camden County, GA and both census tracts in Charlton County, GA, which are located in a Non-MSA portion of Georgia.

Of note, both of the census tracts in Charlton County, GA are classified by the FFIEC as distressed. Non-metropolitan middle-income census tracts are designated as distressed if they are located in a county that meets one or more of the following: an unemployment rate of at least 1.5 times the national average; a poverty rate of 20.0 percent or more; or a population loss of 10.0 percent or more between the previous and most recent decennial census or a net migration loss of 5.0 percent or more over the 5-year period preceding the most recent census. The assessment area’s two middle-income census tracts have been designated as distressed due to the high poverty rate for both 2019 and 2020.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2020 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	0.0	46.2	46.2	7.7
Population by Geography	64,575	0.0	0.0	51.4	48.6	0.0
Housing Units by Geography	25,802	0.0	0.0	50.2	49.8	0.0
Owner-Occupied Units by Geography	14,164	0.0	0.0	48.3	51.7	0.0
Occupied Rental Units by Geography	7,998	0.0	0.0	47.9	52.1	0.0
Vacant Units by Geography	3,640	0.0	0.0	62.2	37.8	0.0
Businesses by Geography	3,804	0.0	0.0	46.7	53.3	0.0
Farms by Geography	106	0.0	0.0	52.8	47.2	0.0
Family Distribution by Income Level	16,608	14.9	13.2	18.0	53.9	0.0
Household Distribution by Income Level	22,162	15.7	11.4	14.8	58.1	0.0
Median Family Income Non-MSAs - GA		\$45,886	Median Housing Value			\$136,010
			Median Gross Rent			\$894
			Families Below Poverty Level			11.0%
<i>Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. (*) The NA category consists of geographies that have not been assigned an income classification.</i>						

As illustrated in the previous table, there are no low- or moderate-income census tracts located in this assessment area. Further, 11.0 percent of families have incomes below the federal poverty level, which poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$49,700)	<\$24,850	\$24,850 to <\$39,760	\$39,760 to <\$59,640	≥\$59,640
2020 (\$51,800)	<\$25,900	\$25,900 to <\$41,440	\$41,440 to <\$62,160	≥\$62,160

Source: FFIEC

According to 2020 D&B data, 3,804 businesses operated in the assessment area. The following reflects gross annual revenues for these businesses:

- 85.9 percent had \$1.0 million or less;
- 2.3 percent had more than \$1.0 million; and
- 11.8 percent of businesses did not provide revenues.

According to the Georgia Department of Labor (GDL), the assessment area’s largest industries include government at 28.3 percent, manufacturing at 12.9 percent, and retail trade at 12.7 percent. Additionally, GDL reports indicate that the largest employers in the assessment area include Naval Sub Base Kings Bay (9,090 employees), Trident Refit Facility (1,570 employees), and Camden School Systems (1,210 employees).

Data obtained from the U.S. Bureau of Labor Statistics indicates significant changes in the unemployment rate during the evaluation period. As illustrated in the following table, the unemployment rate in the U.S. and state of Georgia significantly increased in 2020 due to the COVID-19 pandemic. However, the 2020 unemployment rate in Camden County slightly increased, while the unemployment rate in Charlton County remained consistent. As a result, the assessment area’s unemployment rate was consistent with the state and national rates in 2019; but was significantly lower than the state and national rates in 2020.

Unemployment Rates		
Area	2019	2020
	%	%
Camden County	3.7	4.7
Charlton County	3.9	3.8
State of Georgia	3.5	6.5
National Average	3.7	8.1

Source: U.S. Bureau of Labor Statistics (not seasonally adjusted)

Competition

The market has limited competition for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, six financial institutions operated nine offices within the assessment area. Of these institutions, Southeastern Bank ranked second with a deposit market share of 24.6 percent. The other two leading financial institutions were Ameris Bank and Synovus Bank, at 28.0 percent and 17.4 percent of the total deposit market share, respectively.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, 196 HMDA-

reportable institutions originated or purchased 2,453 residential mortgage loans in the assessment area. By number of loans, Southeastern Bank ranked 17th with a market share of 1.1 percent. The top three lenders, by number of loans, included Navy Federal Credit Union, Quicken Loans, and Guaranteed Rate, Inc., accounting for 29.2 percent of the total market share.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The assessment area's high median age of housing stock, at 30 years, indicates a need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority of the assessment area's businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN GA NON-MSA ASSESSMENT AREA

LENDING TEST

Southeastern Bank demonstrated reasonable performance under the Lending Test within the assessment area. The bank's reasonable performance relative to the geographic distribution and reasonable performance relative to the borrower profile criteria supports this conclusion.

Geographic Distribution

Given that the bank's assessment area does not include any low- or moderate-income geographies, a review of the Geographic Distribution criterion would not result in a meaningful conclusion. Therefore, this criterion was not evaluated.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among businesses of different sizes and individuals of different income levels. This conclusion is based on reasonable penetration of both small business and home mortgage loans.

Small Business Loans

The distribution of borrowers reflects reasonable penetration among businesses of different sizes. The bank's lending to businesses with gross annual revenues of \$1 million or less was below the percentages of those businesses in the assessment area. The following table illustrates the distribution of loans by gross revenue level of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category						
Gross Revenue Level		% of Businesses	#	%	\$(000s)	%
<=\$1,000,000						
	2020	85.9	13	68.4	188	37.0
>1,000,000						
	2020	2.3	6	31.6	320	63.0
Revenue Not Available						
	2020	11.8	0	0.0	0	0.0
Totals						
	2020	100.0	19	100.0	508	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. As illustrated in the following table, although the percentage of loans originated in low-income census tracts was below the percentage of families, the bank's performance significantly exceeded aggregate performance in 2019. The bank's performance in moderate-income census tracts was also below demographics and comparably below aggregate performance. In 2020, the bank's performance to low- and moderate-income borrowers was below demographic data. In addition, the bank originated six (21.4 percent) and three (25.0 percent) loans in 2019 and 2020, respectively, to businesses for investment purposes, which are categorized as income not available.

Distribution of Home Mortgage Loans by Borrower Income Level							
Borrower Income Level		% of Families	Aggregate Performance % of #	#	%	\$(000s)	%
Low							
	2019	14.9	1.5	2	7.1	25	0.8
	2020	14.9	--	1	8.3	25	1.8
Moderate							
	2019	13.2	6.8	1	3.6	30	1.0
	2020	13.2	--	1	8.3	13	0.9
Middle							
	2019	18.0	20.5	4	14.3	118	4.0
	2020	18.0	--	1	8.3	14	1.0
Upper							
	2019	53.9	48.8	15	53.6	1,669	56.3
	2020	53.9	--	6	50.0	647	47.0
Not Available							
	2019	0.0	22.4	6	21.4	1,123	37.9
	2020	0.0	--	3	25.0	676	49.2
Totals							
	2019	100.0	100.0	28	100.0	2,965	100.0
	2020	100.0	--	12	100.0	1,375	100.0

Source: 2015 ACS; Bank Data, 2019 HMDA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%

COMMUNITY DEVELOPMENT TEST

Southeastern Bank’s community development performance demonstrates adequate responsiveness to community development needs in the assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area. The bank’s performance with regard to originating PPP loans in the assessment area supports this conclusion.

Community Development Loans

Southeastern Bank originated three community development loans totaling \$225,000 in the assessment area during the evaluation period. The following table illustrates the bank’s community development loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	1	75	0	0	0	0	0	0
2020	0	0	1	75	0	0	0	0	0	0
YTD 2021	0	0	1	75	0	0	0	0	0	0
Total	0	0	3	225	0	0	0	0	3	225

Source: Bank Data

Below are all examples of the bank’s community development loans:

- In 2019, 2020, and 2021, the bank originated a working capital line of credit for an 18-bed crisis center shelter that provides essential community services to Camden and Charlton Counties.

Qualified Investments

Southeastern Bank made 11 qualified investments, totaling \$510,000, during the evaluation period. This total includes two prior period investments totaling \$505,000, and 9 donations totaling \$5,140 to organizations that support community development initiatives. The following table reflects the bank’s qualified investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	0	0	0	0	0	0	2	505	0	0
2018	0	0	0	0	0	0	0	0	0	0
2019	0	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0	0
YTD 2021	0	0	0	0	0	0	0	0	0	0
Subtotal	0	0	0	0	0	0	2	505	2	505
Qualified Grants & Donations	0	0	9	5	0	0	0	0	9	5
Total	0	0	9	5	0	0	2	505	11	510

Source: Bank Data

The following are examples of qualified investments that benefitted the GA Non-MSA assessment area.

The bank retained two prior period bonds totaling \$505,000 in a water and sewer authority that provides essential infrastructure primarily in Charlton and Wayne Counties. Five of six census tracts in Wayne County and both census tracts in Charlton County are distressed and underserved middle-income census tracts based on high poverty levels.

Community Development Services

Southeastern Bank employees provided 17 community development services during the evaluation period to organizations that benefit the assessment area by providing essential community services to low- and moderate-income individuals, supporting economic development, and revitalizing or stabilizing the area. Of note, bank employees held six leadership positions in community development organizations during the evaluation period. In addition, bank representatives have provided financial expertise as instructors at three events benefitting 80 individuals. The following table illustrates the bank's community development services by year and purpose.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
2018	0	3	1	1	5
2019	0	2	2	1	5
2020	0	3	1	0	4
YTD 2021	0	2	1	0	3
Total	0	10	5	2	17

Source: Bank Data

The following are examples of the bank's community development service activities in the GA Non-MSA assessment area.

- For three years, a Senior Vice President serves as a Board member and as Treasurer for a non-profit organization whose mission is to develop, promote, and expand business while creating jobs in Camden County.
- For two years, an Assistant Vice President served as a Board member for an organization whose mission to attract and retain businesses in Charlton County.
- For two years, a bank representative provided financial literacy classes for students at a high school whereby 71.2 percent are eligible for the federal free or reduced lunch program.

SAVANNAH, GA MSA ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAVANNAH, GA MSA ASSESSMENT AREA

Southeastern Bank operates 1 of its 10 full-service branches in the Savannah, GA MSA assessment area. The assessment area includes all seven census tracts in Bryan County, which comprises a portion of the Savannah, GA MSA.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2020 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	7	0.0	14.3	42.9	28.6	14.3
Population by Geography	33,151	0.0	15.3	41.7	42.9	0.0
Housing Units by Geography	12,676	0.0	16.1	41.0	42.9	0.0
Owner-Occupied Units by Geography	7,819	0.0	15.4	34.6	50.0	0.0
Occupied Rental Units by Geography	3,622	0.0	16.5	59.1	24.4	0.0
Vacant Units by Geography	1,235	0.0	19.8	28.7	51.6	0.0
Businesses by Geography	3,095	0.0	10.1	34.8	55.1	0.0
Farms by Geography	110	0.0	16.4	28.2	55.5	0.0
Family Distribution by Income Level	9,156	16.8	16.1	20.1	47.0	0.0
Household Distribution by Income Level	11,441	18.5	12.6	15.9	53.0	0.0
Median Family Income MSA - 42340 Savannah, GA MSA		\$61,754	Median Housing Value			\$187,429
			Median Gross Rent			\$1,111
			Families Below Poverty Level			9.8%

Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The assessment area does not consist of any low-income census tracts. Additionally, as illustrated in the previous table, only 15.4 percent of the owner-occupied housing units are located in moderate-income census tracts; this data indicates limited owner-occupied home mortgage lending opportunities in moderate-income census tracts. Further, 9.8 percent of families have incomes below the federal poverty level, which poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$75,400)	<\$37,700	\$37,700 to <\$60,320	\$60,320 to <\$90,480	≥\$90,480
2020 (\$72,000)	<\$36,000	\$36,000 to <\$57,600	\$57,600 to <\$86,400	≥\$86,400

Source: FFIEC

According to Moody’s Analytics, the assessment area’s largest industries include leisure and hospitality services at 14.3 percent, education and health services at 14.3 percent, and government at 13.0 percent. Additionally, Moody’s Analytics reports that the assessment area’s major employers include Gulfstream Aerospace Corporation (11,000 employees), Memorial University Medical Center (4,400 employees), and Ft. Stewart/Hunter Army Airfield (4,153 employees).

As illustrated in the following table, the unemployment rate in the U.S., state of Georgia, and Bryan County significantly increased in 2020 due to the COVID-19 pandemic. The assessment area’s unemployment rate was consistent with the state and national rates in 2019; but was significantly lower than the state and national rates in 2020.

Unemployment Rates		
Area	2019	2020
	%	%
Bryan County	3.0	5.3
State of Georgia	3.5	6.5
National Average	3.7	8.1

Source: U.S. Bureau of Labor Statistics (not seasonally adjusted)

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 7 financial institutions operated 23 offices within the assessment area. Of these institutions, Southeastern Bank ranked sixth with a deposit market share of 6.3 percent. The three leading financial institutions were South State Bank, NA., First Bank of Coastal Georgia, and Ameris Bank, accounting for 73.0 percent of the total deposit market share.

Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, 212 HMDA-reportable institutions originated or purchased 2,266 residential mortgage loans in the assessment area. By number of loans, Southeastern Bank ranked 48th with a market share of 0.3 percent. The top three lenders, by number of loans, included Quicken Loans, PennyMac Loan Services, LLC, and Wells Fargo Bank, NA, accounting for 18.5 percent of the total market share.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAVANNAH, GA MSA ASSESSMENT AREA

LENDING TEST

Southeastern Bank demonstrated reasonable performance under the Lending Test within the assessment area. The bank's reasonable performance relative to the geographic distribution and borrower profile criteria supports this conclusion. Loans in the Savannah, GA MSA assessment area comprise only 5.8 percent by number and 7.2 percent by dollar volume of the bank's total loans reviewed during the evaluation period.

Geographic Distribution

The bank's overall geographic distribution reflects a reasonable dispersion of home mortgage loans throughout this assessment area. For small business loans, there were not a sufficient number of sampled loans to reach meaningful conclusions. Further, there are no low-income census tracts and only one moderate-income census tract in this assessment area.

Small Business Loans

Southeastern Bank originated only six small business loans sampled within this assessment area for 2020. The bank originated one loan in a middle-income census tract totaling \$143,000 and five in an upper-income census tract totaling \$140,000. Based on the low number of loans sampled, no meaningful conclusions could be derived.

Home Mortgage Loans

Southeastern Bank originated only 7 loans within this assessment area in 2019 and 10 loans in 2020. In 2019, the bank originated three loans in middle-income census tracts totaling \$1.8 million and four loans in upper-income census tracts totaling \$437,000. In 2020, the bank originated five loans in middle-income census tracts totaling \$421,000 and 5 loans in upper-income census tracts totaling \$1.0 million. This performance is reasonable based upon the single moderate-income census tract and the significant level of competition in the assessment area.

Borrower Profile

The distribution of borrowers reflects reasonable penetration among individuals of different income levels. This conclusion is based on reasonable penetration of home mortgage loans as there was not a sufficient amount of sampled small business loans originated.

Small Business Loans

Given the low number of loans sampled, no meaningful conclusions could be derived. The bank originated five of the six small business loans sampled to businesses with gross annual revenues of \$1 million or less.

Home Mortgage Loans

Southeastern Bank did not originate any loans to low-income borrowers in 2019 and 2020; compared to the percentage of families and aggregate performance at 16.8 percent and 2.6 percent, respectively. However, the bank originated 14.3 percent and 30.0 percent of 2019 and 2020 loans, respectively to moderate-income borrowers. This performance is reasonable in 2019 compared to 16.1 percent of families and 15.0 percent of aggregate performance in that year; and significantly exceeded the percent of families at 16.1 percent for 2020.

COMMUNITY DEVELOPMENT TEST

The institution's community development performance in the assessment area is consistent with the institution's community development performance in the assessment areas within the MSA portion of the state that were reviewed using full-scope examination procedures.

Community Development Loans

Southeastern Bank originated or renewed two community development loans totaling \$3,857,000 in the assessment area during the evaluation period. PPP loans account for both of the community development loans.

Qualified Investments

Southeastern Bank had eight qualified investments, totaling \$1,354,936 during the evaluation period. This includes two new investments, totaling \$1,353,386 and six donations totaling \$1,550 during the evaluation period.

The following are examples of qualified investments that benefitted the assessment area.

- In 2018, the bank purchased a bond totaling \$780,803 through the Downtown Savannah Authority. The purpose of the bond is for structural improvements to the downtown enterprise zones, which will help support future economic development.
- In 2019, the bank purchased a bond totaling \$572,583 to the Savannah Economic Development Authority to fund the building of a non-profit business center. Built in partnership with Georgia Tech University, the business center provides workforce development and technical assistance to area small businesses.

Community Development Services

Bank employees provided six community development services during the evaluation period to organizations that benefit the assessment area. Of these community development services, three supported organizations that provide essential community services to low- and moderate-income individuals and three supported a non-profit organization that promotes economic development for the area businesses.

STATE OF FLORIDA
JACKSONVILLE, FL MSA ASSESSMENT AREA – Full-Scope Review

CRA RATING FOR FLORIDA: NEEDS TO IMPROVE

The Lending Test is rated: Needs to Improve

The Community Development Test is rated: Satisfactory

**DESCRIPTION OF INSTITUTION’S OPERATIONS IN JACKSONVILLE, FL
MSA ASSESSMENT AREA**

Southeastern Bank operates 2, or 20.0 percent, of its 10 full-service branches in the Jacksonville, FL MSA assessment area. Both offices are located in the Jacksonville, FL MSA assessment area. Florida accounts for 15.4 percent of the bank-wide deposits and only 6.8 percent of the bank-wide loans reviewed. Overall, Southeastern Bank ranks 162nd in the state in deposit market share at less than 0.1 percent and 1,130th in the state in home mortgage loan market share at less than 0.1 percent. The assessment area includes all 13 census tracts in Nassau County, which comprises a portion of the Jacksonville, FL MSA.

SCOPE OF EVALUATION – JACKSONVILLE, FL MSA ASSESSMENT AREA

The evaluation of Southeastern Bank’s performance in Florida considered the bank’s operations in the assessment area detailed in the Description of Assessment Areas. Based on the number of loans and branches, as well as dollar volume of deposits, examiners conducted a full-scope review of the bank’s performance in the Jacksonville, FL MSA assessment area. During the review period, small business loans were given more weight than home mortgage loans considering the number and dollar volume of these products in the state.

Economic and Demographic Data

The following table illustrates select demographic characteristics of the assessment area based on the 2015 ACS data and the 2020 D&B data.

Demographic Information of the Assessment Area						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	13	0.0	15.4	61.5	15.4	7.7
Population by Geography	75,880	0.0	18.0	71.5	10.5	0.0
Housing Units by Geography	35,681	0.0	18.3	64.6	17.1	0.0
Owner-Occupied Units by Geography	21,575	0.0	17.6	69.2	13.2	0.0
Occupied Rental Units by Geography	6,731	0.0	24.1	63.9	12.1	0.0
Vacant Units by Geography	7,375	0.0	14.9	51.8	33.2	0.0
Businesses by Geography	9,035	0.0	22.2	61.2	16.5	0.0
Farms by Geography	390	0.0	14.4	74.1	11.5	0.0
Family Distribution by Income Level	20,405	19.0	20.8	19.3	40.8	0.0
Household Distribution by Income Level	28,306	19.8	16.5	19.5	44.1	0.0
Median Family Income MSA - 27260 Jacksonville, FL MSA		\$64,042	Median Housing Value			\$241,063
			Median Gross Rent			\$1,125
			Families Below Poverty Level			9.1%

Source: 2015 ACS and 2020 D&B Data. Due to rounding, totals may not equal 100.0%. () The NA category consists of geographies that have not been assigned an income classification.*

The assessment area does not consist of any low-income census tracts. Additionally, as illustrated in the above table, only 17.6 percent of the owner-occupied housing units are located in moderate-income census tracts; this data indicates limited owner-occupied home mortgage lending opportunities in moderate-income census tracts. Further, 9.1 percent of families have incomes below the federal poverty level, which poses a challenge for home mortgage lending to low-income families, as these families likely face difficulty in qualifying for a home mortgage loan. The following table reflects low-, moderate-, middle-, and upper-income categories in the assessment area.

Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$73,300)	<\$36,650	\$36,650 to <\$58,640	\$58,640 to <\$87,960	≥\$87,960
2020 (\$74,800)	<\$37,400	\$37,400 to <\$59,840	\$59,840 to <\$89,760	≥\$89,760

Source: FFIEC

According to 2020 D&B data, 9,035 businesses operated in the assessment area. The following reflects gross annual revenues for these businesses:

- 91.8 percent had \$1.0 million or less,
- 2.0 percent had more than \$1.0 million, and
- 6.2 percent of businesses did not provide revenues.

According to Moody's Analytics, the assessment area's largest industries include professional and business services at 15.2 percent, education and health services also at 15.2 percent, and leisure and hospitality services at 12.0 percent. Additionally, Moody's Analytics reports that the assessment

area’s major employers include Naval Air Station Jacksonville (19,800 employees), Baptist Health (10,500 employees), and Mayport Naval Station (9,000 employees).

As illustrated in the following table, the unemployment rate in the U.S., State of Florida, and Nassau County significantly increased in 2020 due to the COVID-19 pandemic. The assessment area’s unemployment rate was consistent with the state and national rates in 2019; but was lower than the state and national rates in 2020.

Unemployment Rates		
Area	2019	2020
	%	%
Nassau County	3.1	5.7
State of Florida	3.3	7.7
National Average	3.7	8.1
<i>Source: U.S. Bureau of Labor Statistics (not seasonally adjusted)</i>		

Competition

The market is competitive for financial services. According to FDIC Deposit Market Share data as of June 30, 2020, 11 financial institutions operated 19 branches within the assessment area. Of these institutions, Southeastern Bank ranked seventh with a deposit market share of 5.4 percent. The three leading financial institutions were First Federal Bank, Wells Fargo Bank, NA, and Synovus Bank, accounting for 49.7 percent of the total deposit market share.

Competition impacted the CRA performance. Significant competition exists in the assessment area for home mortgage loans among banks, credit unions, and non-depository mortgage lenders. According to 2019 Peer Mortgage Data, 461 HMDA-reportable institutions originated or purchased 8,242 residential mortgage loans in the assessment area. By number of loans, Southeastern Bank ranked 90th with a market share of 0.1 percent. The top three lenders, by number of loans, included Trustmark National Bank; Caliber Home Loans, Inc.; and Wells Fargo Bank, NA, accounting for 35.6 percent of the total market share.

Credit and Community Development Needs and Opportunities

Based on demographic information and economic data, examiners identified certain credit and community development needs and opportunities within the assessment area. The high number of low- and moderate-income families, at 19.0 percent and 20.8 percent, respectively, indicates a continuing need for affordable housing. Additionally, the high median age of housing stock in moderate-income census tracts, at 34 years, indicates a need for home improvement loans. Further, a need for loans supporting small businesses is evident, as small businesses comprise a significant majority of the assessment area’s businesses.

CONCLUSIONS ON PERFORMANCE CRITERIA IN JACKSONVILLE, FL MSA ASSESSMENT AREA

LENDING TEST

The Lending Test rating for Florida is Needs to Improve. The geographic distribution reflects poor dispersion, and the borrower profile reflects poor penetration in the Jacksonville, FL MSA.

Geographic Distribution

The geographic distribution of loans reflects poor dispersion throughout the assessment area. This conclusion is based on poor dispersion of small business loans, as no meaningful conclusions could be drawn based on the low number of home mortgage loans originated in the assessment area.

Small Business Loans

The geographic distribution of small business loans reflects poor dispersion throughout the assessment area. The bank did not originate any loans in moderate-income census tracts compared to 22.2 percent of businesses located in those tracts. The following table illustrates the dispersion of small business loans by tract income level.

Geographic Distribution of Small Business Loans						
Tract Income Level		% of Businesses	#	%	\$(000s)	%
Low						
	2020	0.0	0	0.0	0	0.0
Moderate						
	2020	22.2	0	0.0	0	0.0
Middle						
	2020	61.2	15	100.0	1,377	100.0
Upper						
	2020	16.5	0	0.0	0	0.0
Totals						
	2020	100.0	15	100.0	1,377	100.0

Source: 2020 D&B Data; Bank Data; Due to rounding, totals may not equal 100.0%

Home Mortgage Loans

Southeastern Bank only originated three home mortgage loans in both 2019 and 2020. In 2019, all three loans were originated in middle-income census tracts totaling \$484,000. The bank originated one loan (33.3 percent) in a moderate-income census tract in 2020 totaling \$65,000; the other two were in middle-income census tracts totaling \$1.8 million. Due to the low number of loans, no meaningful conclusions could be drawn. There is significant competition for home loans in the Jacksonville MSA.

Borrower Profile

The distribution of borrowers reflects poor penetration among businesses of different sizes. This conclusion is based on poor penetration of small business loans, as no meaningful conclusions could be drawn based on the low number of home mortgage loans in the assessment area.

Small Business Loans

While the bank's small business lending performance reflects that a majority of the loans sampled were to businesses with gross annual revenues of \$1 million or less, its level of lending is significantly below the percentage of those businesses in the assessment area. The following table illustrates the distribution of loans by gross revenue level of businesses.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2020	91.8	8	53.3	295	21.4
>1,000,000					
2020	2.0	7	46.7	1,082	78.6
Revenue Not Available					
2020	6.2	0	0.0	0	0.0
Totals					
2020	100.0	15	100.0	1,377	100.0
<i>Source: 2020 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

Home Mortgage Loans

Southeastern Bank only originated three home mortgage loans in 2019 and 2020. The bank originated only one loan (33.3 percent) to a moderate-income borrower totaling \$98,000 and one to a middle- and upper-income borrower in 2019, totaling \$56,000 and 330,000, respectively. In 2020, the bank originated one loan to a middle-income borrower totaling \$37,000 and two to upper-income borrowers totaling \$1.8 million. Due to the low number of loans, no meaningful conclusions could be drawn.

COMMUNITY DEVELOPMENT TEST

Southeastern Bank’s community development performance demonstrates adequate responsiveness to community development needs in Florida through community development loans, qualified investments, and community development services, as appropriate, considering the bank’s capacity and the need and availability of such opportunities for community development in the assessment area.

Community Development Loans

Southeastern Bank originated two community development loans totaling \$536,000 in Florida during the evaluation period. PPP loans accounted for both of these loans. This performance represents 7.7 percent, by number of loans, and 2.9 percent, by dollar volume, of total bank-wide community development loans. The bank did not provide any qualified community development loans at the last CRA evaluation. The following table illustrates the bank’s community development loans by assessment area and purpose.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Jacksonville, FL MSA	0	0	1	180	1	356	0	0	2	536
Total	0	0	1	180	1	356	0	0	2	536

Source: Bank Data

The following examples detail both of the bank’s community development loans:

- In 2020, the bank originated two PPP loans totaling \$536,113 to assist businesses with retaining 95 jobs due to the COVID-19 pandemic.

Qualified Investments

Southeastern Bank made 12 qualified investments, totaling \$5.3 million, during the evaluation period in Florida. This total includes two prior period investments totaling \$1.2 million, five new investments totaling \$4.1 million, and five donations totaling \$4,350 to organizations that support community development initiatives. By dollar volume, this compares favorably to the 13 qualified investments totaling \$1.2 million recorded at the last evaluation. The following table reflects the bank’s qualified investment activity by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	1,162	0	0	0	0	0	0	2	1,162
2018	0	0	0	0	0	0	0	0	0	0
2019	1	1,037	0	0	0	0	0	0	1	1,037
2020	2	2,121	0	0	0	0	0	0	2	2,121
YTD 2021	0	0	0	0	0	0	2	990	2	990
Subtotal	5	4,320	0	0	0	0	2	990	7	5,310
Qualified Grants & Donations	1	2	3	1	0	0	1	1	5	4
Total	6	4,322	3	1	0	0	3	991	12	5,314

Source: Bank Data

The following examples detail community development investments that benefitted the State of Florida including its assessment area.

- In 2020 and 2021, the bank purchased two bonds totaling \$990,209 to fund the Florida Hurricane Catastrophe Fund (FHCF). The FHCF was created to provide financial stability through promoting economic growth in the state while also providing stability and the opportunity for revitalization in the likely event of a designated disaster caused by a hurricane.
- In 2019, the bank purchased a bond totaling \$1,036,473 for a bank structured mortgage-backed security collateralized by six mortgage loans to low-to-moderate income borrowers in the Jacksonville, FL MSA. Additionally, three of the six borrowers have properties located in low-to-moderate income census tracts.
- The bank retained a prior period bond with a book value of \$659,290 for a bank structured mortgage-backed security collateralized by nine mortgage loans, of which, seven were low-to-moderate income borrowers in the Jacksonville, FL MSA. Additionally, seven of the borrowers have properties located in low-to-moderate income census tracts.
- In 2020, the bank purchased a bond totaling \$570,250 from the Florida Housing Finance Corporation (FHFC) to facilitate the financing of safe and sanitary affordable housing throughout the state. The FHFC’s purpose is to finance single family, owner-occupied mortgages for low-to-moderate income families in the state.

Community Development Services

Bank employees provided eight community development services in Florida during the evaluation period. This performance represents 7.1 percent of total bank-wide activities, which is lower than the statewide share of branches at 18.2 percent. Directors, officers, and employees exclusively served in leadership capacities with three organizations, resulting in eight very responsive community development service activities. This performance in the assessment area is consistent with the seven community development services noted at the last evaluation. The following table illustrates the bank’s community development services by assessment area and purpose.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Jacksonville, FL MSA	5	0	0	3	8
Total	5	0	0	3	8
<i>Source: Bank Data</i>					

All examples of the bank’s community development services that benefitted the Jacksonville MSA assessment area follow:

- For three years, a branch manager served on the Board of a non-profit organization whose mission is to provide affordable housing for low-income families.

- For three years, a Vice President served on the Board and as Treasurer of a public/private partnership whose mission is to assist communities in Nassau County impacted by federally designated disasters. In addition, as Chairman of the Recovery Committee, the bank representative provides financial guidance to qualify low- and moderate-income residents in Nassau County for FEMA funds to repair homes that have been damaged by hurricanes or other federally declared disasters and are uninsured.
- For two years, a Vice President served on an affordable housing committee for an organization whose primary mission is to address the limited affordable housing stock available in Nassau County.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

SUMMARY OF RATINGS FOR RATED AREAS

Rated Area	Lending Test	Community Development Test	Rating
State of Georgia	Satisfactory	Satisfactory	Satisfactory
State of Florida	Needs to Improve	Satisfactory	Needs to Improve

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

Community Development Loan: A loan that:

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

Community Development Service: A service that:

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

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

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

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

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

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

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

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

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

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

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

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

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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