



Making a Difference:

For Our Members, Our Community, Our Future



2023 Annual Report

A Letter to Our Members

From President and CEO Michael Gudely & Chairman of the Board Charles Eidson

We are proud to announce 2023 was another successful year for your credit union.

Overall growth in 2023 was excellent for Southeastern with total assets climbing to \$375 million, a 9.7% increase. Total loans grew in a robust fashion, increasing \$31 million or 12.2%. Total deposits grew nicely, increasing \$22 million or 7.2%. Southeastern's loan and deposit growth well outpaced its peers in the \$100 million to \$500 million asset range. Southeastern continues to focus on its members by avoiding the purchase of loan participations and loaning only to members of the credit union. Lending to the membership base has less risk than purchasing loans from other credit unions, and more importantly, uses the credit union's deposits to support its members. Management and the Board of Directors were very pleased with the growth in 2023.

Total capital, representing the member's equity in the credit union ended the year at a very strong \$36.7 million. This was a slight increase of 4.3% from the 2022 level of \$35.2 million. Our overall increases in total assets, higher than the growth rate of net earnings, resulted in a minimal decline in our capital ratio. We ended 2023 with a capital ratio of 10.03%, vs. the Yearend 2022 capital ratio of 10.33%. With a regulatory minimum ratio of 7.0%, your credit union continues to be well capitalized, far above minimum regulatory requirements. We remain positioned for future growth opportunities, and well protected in the event of a recession or any decline in local economic conditions.

Net earnings for 2023 were \$2.7 million. ROAA (return on average assets) was a healthy 0.74%. Both figures, however, represented a decline from the prior year due to a rapid increase in the cost of deposits. Liquidity (cash) shortages in the financial services industry resulted in strong competition for deposits, which increased deposit rates quickly. Additionally, increases in interest rates overall, played a part in the rapid increase in deposit rates. As a result, net earnings were down 10.4% from 2022's Net Income figure of \$3.0 million. Management and the Board of Directors took appropriate action to mitigate shrinking net margins, in order to improve the credit union's earning outlook for 2024. Management and the Board of Directors are proud of the balance sheet growth we experienced in 2023. Southeastern continues to be a vibrant and financially well positioned credit union, able to continue serving its members well into the foreseeable future.

We continue to be an active community supporter by donating over \$50,000 for local assistance in our South Georgia markets. As a not-for-profit cooperative, we believe being a good corporate citizen is paramount for the betterment of our members, their neighbors and the communities we serve.

We encourage our employees to participate in civic activities in Valdosta, Tifton, Nashville, Quitman, and Waycross. These activities range from Rotary Club, Realtors Association, Chambers of Commerce, churches, sport leagues, and public education, just to name a few.

As your credit union, our goal is to provide the very best financial products and services at the most affordable cost to each and every member we serve. In recent years, we upgraded our technology significantly and can proudly say our electronic delivery systems for loans and deposits, outpace that of our peers and offer most of the benefits national bank technologies offer.

We remain committed to improving the lives of our member-owners. "Deliver value, and provide legendary service" will remain the guiding principle of our work to help people achieve their hopes and dreams.

Thank you for being a member. We value your membership and look forward to partnering with you to make 2024 yet another great year in the history of Southeastern Credit Union. Our 71-year commitment to the principles of placing people before profit is how we will all continue to enjoy the benefits of this financial cooperative.

As always, your comments and feedback are welcomed and encouraged. Only by sharing your thoughts and opinions, can we make Southeastern an even better credit union than it is today.

Sincerely,



Charles Eidson
Chairman, Board of Directors



E. Michael Gudely
President and CEO

Audit Committee Letter

by Jerry W. Permenter



The Audit Committee (Committee) is composed of sitting members of the Board of Directors. The Committee is responsible for assisting the Board of Directors in its oversight of management to ensure satisfactory safe and sound operations of Southeastern Credit Union. The Committee fulfilled its responsibilities through the engagement of an external financial auditor, internal control auditor, and review of all audit reports, each of which was subsequently followed by a full report to the Board of Directors. At the conclusion of the December 31, 2022 external financial audit, the Committee met in March 2023 with representatives of the public accounting firm Doeren Mayhew, LLC to discuss results of the financial audit. The auditor's findings resulted in Doeren Mayhew, LLC issuing its opinion, that in all material respects, the financial statements present fairly the respective financial position, changes in financial position and cash flows for the year.

The Georgia Department of Banking and Finance conducted a regulatory safety and soundness examination of the credit union in December 2022. The result of any regulatory examination of a financial institution is confidential and not permitted to be shared with the public. However, if there were any matters of concern, the Audit Committee is responsible for reporting the matter to the full Board of Directors. It would then be the responsibility of the Board of Directors to take whatever action was necessary to correct any deficiency, assuming a material deficiency was reported.

The Committee reviewed the quarterly results of the internal audit program administered by Mauldin and Jenkins, LLC of Albany, Ga. Results of those quarterly internal audits found that Southeastern Credit Union maintains an effective system of internal and financial controls.

The credit union operates an internal compliance program to ensure it is following consumer compliance regulation appropriately. The Committee reviewed the results of internal reviews by the credit union's Compliance Officer on a quarterly basis. No items of any materiality were found in the internal compliance audits.

The Committee is pleased to report Southeastern Credit Union continues to be extremely well-managed and is in a strong financial condition. These results demonstrate Southeastern Credit Union's continued commitment to provide extraordinary value and service to each of you, the member-owners, while providing assurance the financial condition is accurately stated and presented.

Audit Committee

Jerry W. Permenter
Chairman

Treasurer Letter

by C. Anthony Payton



As Treasurer, and member of the Board of Directors, I am pleased to report 2023 was another financially successful year for your credit union. During the year, total assets grew \$33 million to end at \$374.7 million.

Our loan growth in 2023 was very strong after similar results in 2022. The loan portfolio ended the year at \$282.4 million, increasing \$30.7 million or 12.2%

from the prior year. Share and deposit growth was equally as robust in 2023. Total deposits increased \$21.9 million or, 7.2%, over 2022 totals. Total deposits were \$326 million at year end.

Rapidly rising cost of funds somewhat diminished a solid year in net earnings. For 2023, the credit union earned \$2.7 million with an ROAA (return on average assets) of 0.74%. This was a slight decline from 2022 earnings of \$3 million and ROAA of 0.93%. Liquidity (cash) issues in the banking industry caused deposits rates to increase materially as financial institutions tried to outbid others for depositor funds. This and the overall increase in interest rates caused a significant increase in cost of deposits. Management and the Board of Directors put measures in place to mitigate and reverse shrinking net interest margins caused by the rapid increase in deposit funding. These measures have positioned your credit union well, from an earnings standpoint, for 2024 and beyond.

At year end, total capital was \$36.7 million, which represents the membership's equity in the credit union. Our capital ratio, a very important measure of financial strength, increased \$1.5 million over 2022 capital of \$35.2, or a 4.3% increase. Southeastern Credit Union remains a well capitalized credit union. Management and the Board of Directors are pleased with this level of capitalization.

The credit union performed well against its financial budget in 2023. Loan growth was \$20.7 million over budget, or 7.9% positive variance over budget. Actual deposit growth exceeded budget by \$16 million, or a 5.18% positive variance over budget. Net income, however, did not meet the 2023 budgeted figure of \$3.0 million. Rather, actual net income came in at \$2.7 million or 10.4% below budget. Net income was more than sufficient to increase net worth to appropriate levels supporting the credit union's asset growth.

Non-interest income for 2023 was \$4.25 million, which was \$76k short of the budgeted figure of \$4.32 million. Regulatory changes regarding fee income had a direct impact on non-interest income. The 2023 figure of \$4.25 million is \$784k lower than the 2022 figure of \$5 million. Federal legislation in Congress continues to negatively impact non-interest income for all financial institutions. Operating expense for 2023 totaled \$11.9 million, which was a \$178 thousand (1.5%) below budgeted expense expectations. Your credit union continues to manage operating overhead well.

Delinquency and charge off trends for 2023 continue to be outstanding. Our members are repaying loans without issue at low interest rates. In 2023, interest rates rose at a rapid rate, nevertheless, the credit union did not experience any negative migration in delinquency or charge offs. At 2023 year end, sixty-day delinquency was 0.04%, down from 0.06% in 2022, and 0.12% in 2021. Loan loss provision expense for 2023 was \$375 thousand as compared to \$220 thousand in 2022. Conversion of loan loss reserve methodologies, driven by regulatory changes for all credit unions, took effect on January 1, 2023, and resulted in additions to the reserve account. Total loan charge offs for 2023 was \$165 thousand, as compared to \$151 thousand in 2022. After several years of declining charge off totals, the credit union did experience a slight increase in 2023. Management does not feel this is a sign credit quality is deteriorating. The credit union experienced an unusually high business loan charge off of \$72 thousand, that bolstered 2023 totals above 2022. However, management does anticipate, with the interest rate increases in 2023, the credit union may experience increased delinquency in 2024 due to higher loan payments for many borrowers.

Your Board of Directors and Credit Union Management Team meet at least once each month to review and evaluate the financial condition of the Credit Union and to ensure adherence to policies intended to have a positive financial influence on each of our member's lives.

If you have questions or comments regarding Southeastern Credit Union's financial performance, please feel free to contact me at any time. I appreciate the opportunity to serve you in this capacity.

C. Anthony Payton
Treasurer

Comparative Financial Reports

Total Assets (in thousands)

2023	\$374,753
2022	\$341,471
2021	\$334,399
2020	\$302,946
2019	\$262,534
2018	\$243,613

Total Loans (in thousands)

2023	\$279,726
2022	\$250,422
2021	\$227,594
2020	\$220,490
2019	\$197,942
2018	\$183,612

Total Deposits (in thousands)

2023	\$326,917
2022	\$305,020
2021	\$299,791
2020	\$270,070
2019	\$232,339
2018	\$217,177

Members

2023	24,639
2022	24,940
2021	25,791
2020	26,053
2019	26,305
2018	26,683

Net Income (in thousands)

2023	\$2,719
2022	\$3,130
2021	\$2,305
2020	\$2,002
2019	\$2,030
2018	\$1,614

Statement of Financial Condition

Years Ended December 31 (in thousands)

	2023 (Unaudited)	2022 (Unaudited)
ASSETS		
Cash and Equivalents	\$13,240	\$19,207
Investments	\$61,361	\$51,335
Net Loans	\$279,726	\$250,422
Fixed Assets	\$9,051	\$8,562
Other Assets	\$11,375	\$11,945
Total Assets	\$374,753	\$341,471
LIABILITIES & EQUITY		
Total Liabilities	\$11,057	\$1,180
Member Shares	\$326,917	\$305,020
Member Equity	\$36,779	\$35,271
Total Liabilities & Equity	\$374,753	\$341,471

Statement of Income

Years Ended December 31 (in thousands)

	2023 (Unaudited)	2022 (Unaudited)
INCOME		
Interest and Fees on Loans	\$13,123	\$9,835
Interest on Investments	\$2,388	\$1,031
Other Income	\$4,250	\$5,034
Total Income	\$19,761	\$15,900
EXPENSES		
Dividend Expense	\$4,700	\$964
Provision Expense	\$376	\$220
Income Before Op. Expense	\$14,685	\$14,716
Operating Expense	\$11,961	\$11,569
Non Operating Expense	\$(5)	\$(17)
Net Income	\$2,719	\$3,130

Capital to Assets

2023	10.33%
2022	10.33%
2021	9.61%
2020	9.85%
2019	10.60%
2018	10.59%

Minutes of the 70th Annual Meeting

March 9, 2023

- I. Chairman Jerry Permenter called the meeting to order at 6:00 p.m. at the Holiday Inn Conference Center.
- II. The chairman appointed Anthony Payton as recording secretary.
- III. The secretary determined a quorum was present with 33 members in attendance.
- IV. Chairman Permenter declared the meeting officially open and introduced the head table.
- V. Chairman Permenter asked for Roy McNeal, Board of Director to give the invocation.
- VI. The minutes were approved as presented.
- VII. Jerry Permenter gave the Chairman's message.
- VIII. Wayne Plumly gave the Treasurer's report.
- IX. Wayne Plumly gave the Audit Committee's report.
- X. Dr. Dustin Kilby explained the election process. There were three positions open for election to the Board of Directors. The nominating committee selected one person for each position open. The nominees selected were Charles Eidson, Leanna Pledger, and Roy McNeal. The Nominating Committee received no qualified petitions for nomination to the Board of Directors. The nominees were elected to the Board of Directors by acclamation.
- XI. Chairman Permenter recognized Mr. Eric Bennett, Mrs. Allie Brewer, Mrs. Mary Ruth Foster, Mrs. Julie Hisaw, Mr. Cole McCarty, Mrs. Denise Thomas and Mr. Ty Wilkerson for 5-years of service. Mrs. Caroline Kendrick and Mr. Phillip Whitley for 10-years of service and Mrs. Jean Jackson and Mrs. Tina Welch for 15-years of service.
- XII. Old Business: There was none.
- XIII. New Business: There was none.
- XIV. There being no further business, the meeting was adjourned at 6:24 p.m.

Board Members



Charles Eidson
Chairman



L. Wayne Plumly, Ph.D.
Vice Chairman



Anthony Payton
Treasurer



Dustin Kilby, DMD
Secretary



Roy McNeal
Board Member



Jerry Permenter
Board Member

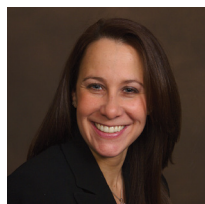


Valerie Bryant
Board Member

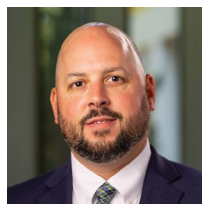
Senior Management



E. Michael Gudely
President, CEO



Jennifer Stasio
SVP,
Chief Financial Officer



Eric Bennett
Vice President,
Chief Lending Officer



Mitchell Burton
AVP of Retail Services



Mary Ruth Foster
AVP of Operations

Locations

Headquarters Branch

3501 N Valdosta Road
Valdosta, GA 31602

Perimeter Branch

3669 Inner Perimeter Road
Valdosta, GA 31605

Baytree Branch

1514 Baytree Road
Valdosta, GA 31602

Moody AFB Branch

3205 Mitchell Boulevard
Moody AFB, GA 31699

Tifton Branch

2212 N Tift Avenue
Tifton, GA 31794

Nashville Branch

902 S Davis Street
Nashville, GA 31639

Waycross Branch

1912 Memorial Dr. Ste F
Waycross, GA 31501

Quitman Branch

205 E. Screven Street
Quitman, GA 31643

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