

Sub Debt Issuance – Heritage Southeast Bancorporation, Inc.

June 2020

Heritage Southeast Bancorporation, Inc.

holding company for:



Subordinated Debt Offering

\$20.0 Million

6.00% Fixed-to-Floating

Sole Placement Agent

Performance Trust Capital Partners

Capital Markets

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Transaction Overview

On June 30, 2020, Jonesboro, Georgia-based Heritage Southeast Bancorporation, Inc., the holding company for Heritage Southeast Bank, completed the issuance of \$20.0 million in 10-year fixed-to-floating rate subordinated notes. The subordinated debt is structured such that it qualifies as Tier 2 capital at the holding company. The 10-year notes are investment grade rated by Egan Jones and will initially bear interest at 6.00% per annum through June 30, 2025 and thereafter pay a quarterly floating rate equal to 90-day Average LIBOR plus 563 basis points. In addition to general corporate purposes, the Company intends to use the net proceeds to support the regulatory capital ratios in the Company's subsidiary.

Performance Trust Capital Partners served as Sole Placement Agent in connection with this issuance of subordinated debt.

Financial Highlights (March 31, 2020)

	Heritage Southeast Bank
(\$000s)	
Assets	\$ 1,324,338
Loans	929,295
Deposits	1,135,333
Tang. Equity	124,330
TCE / TA	9.7%
NPAs	2.05%
Core ROAA ⁽¹⁾	0.42%
Core ROATCE ⁽¹⁾	4.60%

Note: bank-level financials

(1) Excludes \$6.539 million in merger charges for Q3 of 2019, \$14K in data processing conversion costs as a result of the merger for Q4 2019, and \$19K in data processing conversion costs as a result of the merger for Q1 of 2020 along with securities gains / losses in each quarter

Branch Map

