

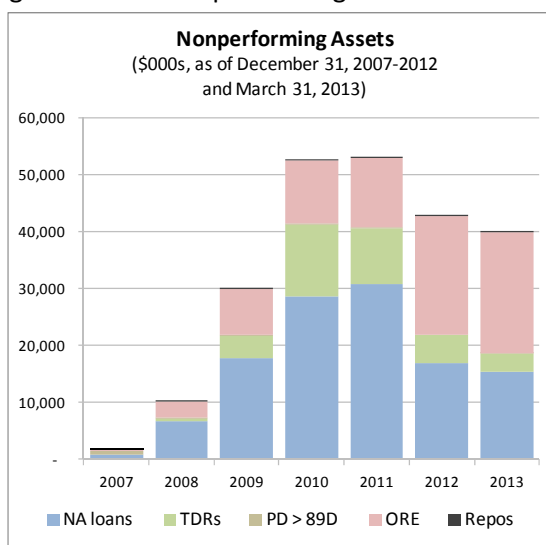
Quarterly Financial Update

For the first time in two years and only the second time since the third quarter of 2009, the Company reported a net quarterly profit. For the three months ended March 31, 2013, the Company reported net income of \$126,000. The quarterly results included a \$550,000 provision for loan losses and a \$91,000 charge related to the closure of three branches, offset by \$258,000 in net gains on the sale of foreclosed properties (called "ORE"). These results are a significant improvement compared to the \$2,192,000 loss reported in the previous quarter and the \$389,000 loss recognized in the first quarter of 2012. Although we were profitable for the quarter, we realize that the potential for additional losses in 2013 remains a distinct possibility given the level of problem assets on our balance sheet and the still recovering local economy and real estate markets.

Over the last five years, our operating results have correlated with our level of nonperforming assets. The rise in nonperforming assets from 2008 to 2011 resulted in substantial losses for the Company, and the ongoing cost to manage and liquidate those assets will weigh heavily on our operating results as evidenced in 2012. Continued improvement in our asset quality will result in lower loan losses which should contribute towards improved earnings going forward.

During the first quarter, we reduced nonperforming assets by \$2.8 million (or 6.7%) bringing the total down to \$39.8 million. The chart below illustrates the trends in our nonperforming assets from the end of 2007 to the end of March 2013. As the chart indicates, the migration from nonperforming loans (nonaccrual loans, troubled-debt restructurings and loans past due over 89 days) to ORE and other repossessed assets has continued. Under current market conditions, we expect the complete liquidation of existing ORE could take years. We will continue to reduce these problem assets as aggressively as markets allow but consistent with our shareholders' best interest.

Total deposits decreased \$33.4 million (or 9.1%) during the first quarter of 2013. Approximately \$27.7 million of the decrease in deposits occurred in the three branches closed on April 5, 2013. Also, as they typically do each year, we had an \$18.0 million decline in public funds during the quarter. Non-public deposits in the 13 remaining branches increased \$12.3 million during the quarter.



Key Financial Statistics

(Dollars in thousands except per share data)

As of March 31, 2013:

Total Assets	\$373,128
Total Loans	\$173,997
Total Deposits	\$332,978
Total Equity Capital	\$36,296
Loans-to-Deposits	52.3%
Nonperforming Assets-to-Total Assets	10.7%
Capital-to-Assets	9.7%
Book Value per Share	\$11.60

For the Quarter Ended March 31, 2013:

Net Interest Income	\$2,797
Provision for Loan Losses	\$550
Net Income	\$126
Net Income per Share	\$0.04
Net Interest Margin	3.40%

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Bank-Owned Property for Sale



With the downturn in the economy and the local real estate markets that initially began in 2007, we've had a significant amount of real estate loans default resulting in the foreclosure of the underlying real estate collateral. At the end of March 2013, we were carrying 92 parcels of foreclosed properties with an aggregate book value of \$21.3 million. These properties range from raw, undeveloped land tracts to residential lots to completed houses and commercial buildings. During the fourth quarter of 2012 and the first quarter of 2013, we successfully sold 17 parcels totaling \$4.0 million for a net gain of \$291,000.

If you are interested in learning more about our properties, visit our real estate website at www.liveatthecoast.com or call us at 912.264.3307 and ask to speak with Clay Gibson or Josh Proctor.

Quarterly Financial Data

The following tables present selected consolidated financial data for the Company¹. The selected financial data is derived from the Company's quarterly unaudited financial statements and should be read in conjunction with the Company's audited financial statements and related notes for the year ended December 31, 2012.

As of and for the periods ended:	Quarter-to-Date				
	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
<i>(Dollars in thousands except per share data)</i>					
Summary of Operations:					
Interest income	\$ 3,047	\$ 3,219	\$ 3,222	\$ 3,331	\$ 3,480
Interest expense	250	306	356	429	536
Net interest income	2,797	2,913	2,866	2,902	2,944
Provision for loan losses	550	2,450	950	1,840	600
Noninterest income	819	1,178	941	1,351	867
Noninterest expense	2,940	3,833	3,327	3,508	3,600
Net income (loss)	\$ 126	\$(2,192)	\$ (470)	\$(1,095)	\$ (389)
Adjustments to net income (loss) to arrive at non-GAAP ² core operating earnings:					
Provision for loan losses	\$ 550	\$ 2,450	\$ 950	\$ 1,840	\$ 600
Net (gain) loss on investments	-	(243)	(17)	(431)	11
Net (gain) loss on sales of assets	(1)	14	1	(23)	16
Net (gain) loss on sales and write-downs of ORE	(258)	768	175	273	470
Other foreclosed property expenses	185	123	163	292	105
Core operating earnings (non-GAAP ²)	\$ 602	\$ 920	\$ 802	\$ 856	\$ 813
Per Share Ratios:					
Basic and diluted earnings (loss)	\$ 0.04	\$ (0.70)	\$ (0.15)	\$ (0.35)	\$ (0.12)
Book value at end of period	11.60	11.62	12.33	12.41	12.78
Stock trading price:					
High	4.15	3.15	3.80	4.25	4.90
Low	2.05	1.70	3.00	3.80	4.10
Profitability Ratios:					
Return on average assets	0.13%	-2.23%	-0.48%	-1.07%	-0.37%
Return on average equity	1.41%	-22.64%	-4.77%	-10.99%	-3.90%
Net interest margin	3.40%	3.41%	3.33%	3.20%	3.18%

¹ Certain amounts in prior periods have been reclassified to conform to current period presentation.

² Core operating earnings is a non-GAAP (generally accepted accounting principles) measure. We present this alternative earnings measure to highlight our earnings capacity exclusive of credit-related charges (provision for loan losses, write-downs on other real estate and expenses related to carrying and disposing of other real estate and repossessed assets) and non-recurring gains and losses (on sales of investment securities and other assets).

As of and for the periods ended: (Dollars in thousands)	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012
Selected Quarterly Average Balances:					
Total assets	\$ 381,485	\$ 390,470	\$ 391,309	\$ 412,968	\$ 417,249
Earning assets	338,693	346,953	348,898	372,024	381,106
Loans, net of unearned income	174,846	180,562	182,315	188,105	198,391
Investment securities	96,415	92,599	90,639	86,804	84,561
Deposits	342,375	347,874	347,244	366,405	371,389
Shareholders' equity	36,301	38,510	39,200	40,081	40,070
Selected Quarter-End Balances:					
Total assets	\$ 373,128	\$ 406,565	\$ 381,789	\$ 406,830	\$ 420,688
Loans, net of unearned income	173,997	176,335	182,462	182,212	192,509
Allowance for loan losses	7,061	6,972	6,931	6,662	6,512
Investment securities	95,976	99,892	94,512	89,834	85,235
Deposits	332,978	366,410	338,976	361,490	374,189
Shareholders' equity	36,296	36,357	38,578	38,834	39,985
Nonperforming assets:					
Nonperforming loans	\$ 18,533	\$ 21,976	\$ 29,582	\$ 30,189	\$ 35,832
Foreclosed properties	21,269	20,680	20,633	19,506	16,077
Other repossessed assets	22	15	15	8	12
Total nonperforming assets	\$ 39,824	\$ 42,671	\$ 50,230	\$ 49,703	\$ 51,921
Asset Quality Ratios:					
Net charge-offs per quarter (annualized) to quarterly average loans	1.07%	5.31%	1.49%	3.61%	1.75%
Nonperforming assets to total assets	10.67%	10.49%	13.16%	12.21%	12.34%
Allowance for loan losses to net loans	4.06%	3.95%	3.80%	3.66%	3.38%
Allowance to nonperforming loans	38.10%	31.73%	23.43%	22.06%	18.17%
Liquidity Ratios:					
Loans, net to total deposits	52.25%	48.13%	53.83%	50.41%	51.45%
Average loans to average earning assets	51.62%	52.04%	52.25%	50.56%	52.06%
Noninterest-bearing deposits to total deposits	22.06%	18.07%	19.37%	19.43%	20.28%
Capital Adequacy Ratios:					
Tier 1 risk-based capital ratio	16.70%	16.34%	16.83%	17.01%	16.84%
Total risk-based capital ratio	17.98%	17.61%	18.10%	18.28%	18.11%
Tier 1 leverage ratio	9.33%	9.12%	9.66%	9.26%	9.40%

Quarterly Financial Update

(continued from Page 1)

Total assets decreased \$33.4 million (or 8.2%) due to the decrease in deposits. The shrinkage of our balance sheet also improved our capital ratios. Our consolidated Tier 1 leverage capital ratio improved to 9.33% at March 31, 2013 from 9.12% at year-end.

Total loans decreased \$2.3 million (or 1.3%) during the quarter to end at \$174.0 million. Of the total, we only had a \$771,000 net decrease in accruing loans during the quarter. We are encouraged by recent developments in our markets that should lead toward future growth opportunities.

Thank you for your continued support of our Company and your trust in us to provide you with quality financial products and services.

Respectfully yours,



Cornelius P. Holland, III
President & CEO



Notice of Annual Meeting

The Company's Annual Meeting of Shareholders will be held at Southeastern Bank's Brunswick office, 15 Trade Street, on Thursday, **May 16, 2013**, at 1:00 p.m. The Company's 2012 Annual Report and 2013 Proxy Statement were mailed to shareholders in April. Additional copies are available at www.cfpproxy.com/5022.

SEC Deregistration

Southeastern Banking Corporation

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www.southeasternbank.com

Southeastern Bank

Member FDIC
Equal Housing Lender



On April 20, 2012, we filed Form 15 with the Securities and Exchange Commission (“SEC”) to deregister our stock and suspend our duty to file periodic reports with the SEC. The regulatory burden to be an SEC registrant was extensive. For a small reporting company like us, the cost of complying with these regulations, in terms of management time, legal and accounting fees and other costs, was significant. We estimated our SEC compliance cost to be approximately \$120,000 per year. Deregistration benefits our shareholders by allowing us to eliminate certain costs incurred to satisfy the disclosure, reporting and compliance requirements of an SEC registrant.

The deregistration of our stock and the duty to continue to file periodic reports (i.e. 10-K, 10-Q, 8-K) with the SEC became effective July 30, 2012. Already being thinly-traded, we do not expect this deregistration to cause our shareholders to experience any further disruptions in their trading of our stock. Even after deregistration, we expect our stock will continue to be traded through a network of broker-dealer firms “over-the-counter” (“OTC”) as an OTC stock. Shareholders should continue to be able to look up trade information on our stock using our “SEBC” stock symbol on the OTC Bulletin Board website at www.otcbb.com or on the OTC Markets Group website at www.otcmarkets.com.

An informational document outlining our responses to shareholder questions on the deregistration process called “Shareholder Deregistration FAQs” can be found on our website at www.southeasternbank.com/about. For more information about SEBC, contact Jay Torbert, Alyson Beasley or Wanda Pitts at 912.437.4141 or at shareholderinfogroup@southeasternbank.com.

About SEBC

Southeastern Banking Corporation (“SEBC”) is a bank holding company located in Darien, Georgia. SEBC stock trades on OTCQB, a marketplace for smaller-capitalized companies that are current in their reporting with a U.S. regulator. Investors can find real-time quotes and market information on SEBC at www.otcmarkets.com.

Southeastern Bank, SEBC’s bank subsidiary, offers a full line of commercial and retail banking services through 13 branch locations across southeast Georgia and northeast Florida. The Bank, an FDIC-insured state bank chartered in 1888, is one of the oldest banks in Georgia. Information about the Bank is available online at www.southeasternbank.com. Additional regulatory information about the Bank, including the quarterly financial call reports, can be found online at www.fdic.gov.



Forward-Looking Statements

Certain statements presented in this document are considered “forward-looking statements”. When we use words like “estimate”, “believe”, “see”, “appear”, “continue”, “will”, “could”, “should”, “expect”, and similar expressions to convey our opinion about something yet to occur or be realized, you should consider them as identifying forward-looking statements. These statements are made based on our beliefs and assumptions using information available to us at that time. Actual results may differ materially from anticipated or expected results expressed in these forward-looking statements, and we have no obligation to update or revise these statements after distribution of this report.