

Southeastern Banking Corporation Reports First Quarter 2024 Results

Declares Quarterly Cash Dividend of \$0.19 Per Share



Darien, GA — May 16, 2024 – Southeastern Banking Corporation (OTCPINK:SEBC), the “Company”, the parent of Southeastern Bank, the “Bank”, today reported financial results for the first quarter of 2024. Financial highlights are shown below.

Additionally, the Board of Directors declared a quarterly dividend of \$0.19 per share, to be paid June 6, 2024, to shareholders of record on May 30, 2024.

The 2024 Annual Shareholders’ Meeting was held on May 16, 2024. With 76.8% of outstanding shares voting, all proposals presented in the Proxy Statement were approved as recommended by the Board.

Commenting on the Company’s results, Donald “Jay” Torbert, Jr., President and Chief Executive Officer, said, “Our start to 2024 was slightly better than anticipated due to solid loan growth, and core operating earnings has been remarkably steady over the last year. However, we expect more pressure on earnings in the coming quarters from higher funding costs and operating expenses caused by elevated interest rates and inflation.”

Earnings

- Net income was \$2.8 million (or \$0.90 per share) for the first quarter of 2024, compared to \$2.8 million (or \$0.89 per share) for the fourth quarter of 2023 and \$3.0 million (or \$0.96 per share) for the first quarter of 2023. Loan growth coupled with continued upward repricing of earning assets resulted in increased net interest income, which was offset during the quarter by provision for credit loss and increased noninterest expenses (excluding the loss on sale of securities in the fourth quarter of 2023).
- Core operating earnings for the first quarter totaled \$3.7 million compared to \$3.6 million for the fourth quarter of 2023 and \$3.7 million for the first quarter of 2023.
- The return on average assets for the first quarter of 2024 was 1.91%, compared to 1.90% for the fourth quarter of 2023 and 1.91% for the first quarter of 2023.
- The return on average equity was 16.19% versus 17.43% for the fourth quarter of 2023 and 19.84% for the first quarter of 2023. The lower comparative return is the result of increasing capital levels as earnings have remained relatively stable.
- Net interest margin was 4.74% in the first quarter versus 4.44% for the fourth quarter of 2023 and 4.26% in the first quarter of 2023. Margin during the quarter benefited from loan growth and accompanying fee generation, along with continued upward repricing of the loan portfolio.

Balance Sheet

- Total assets contracted 2.0%, or \$12.3 million, during the first quarter to end at \$605.2 million. The decline is attributed to net deposit outflows. Over the last twelve months, total assets declined 4.3%, or \$27.4 million.
- Deposits waned by 2.5%, or \$13.8 million, during the first quarter to end at \$530.8 million. Year-over-year, deposits declined 6.1%, or \$34.6 million. During the quarter, commercial demand deposits decreased \$16.7 million and deposits held by local municipalities decreased \$10.0 million, with the declines partially offset by increased reciprocal deposits.
- Loans, net of unearned income, increased by 3.3%, or \$11.5 million, during the first quarter to end at \$359.8 million. Year-over-year, loans outstanding increased 7.0%, or \$23.6 million.
- Total loan production through commercial and retail lending activities was \$42.9 million during the first quarter, up from \$29.1 million in the fourth quarter of 2023 and the \$30.5 million generated during the first quarter of 2023.

Capital

- Capital continues to exceed regulatory thresholds required to be considered “well-capitalized.”
- Consolidated Tier 1 leverage capital ratio was 13.46% at March 31, 2024, up 67bps during the quarter 225bps over the last twelve months.
- Book value per share was \$22.51 at March 31, 2024, a \$0.35 increase during the quarter.

Asset Quality

- Asset quality concerns remained relatively low and stable throughout the first quarter.
- Nonperforming assets were \$1.3 million, or 0.21% of total assets, at March 31, 2024, which reflects a reduction during the first quarter and is in line with the level of nonperforming assets from one year ago.
- The allowance for credit losses related to loans aggregated \$7.7 million, or 2.15% of total loans, at March 31, 2024, compared to \$7.6 million, or 2.17% of total loans, at the end of 2023.
- Total provision for credit losses during the first quarter was \$105 thousand, and based on loan growth during the quarter.

About Southeastern Banking Corporation

Southeastern Banking Corporation is the bank holding company for Southeastern Bank. Established in 1888, Southeastern Bank has a long history of serving its customers and communities through its 10 branch locations in coastal Georgia and northeast Florida, including Brunswick, Callahan (FL), Darien, Eulonia, Folkston, Hilliard (FL), Kingsland, Nahunta, Richmond Hill and St. Simons Island. In addition to these full service branches, the Bank has a loan production office in Hinesville, Georgia. The Bank is headquartered in Darien, Georgia.

Southeastern Banking Corporation's common stock is traded on the OTC Markets PINK under the symbol "SEBC."

For more information, please visit www.southeasternbank.com.

Forward-Looking Statements

Certain statements contained in this release may not be based on historical facts and are forward-looking statements. These forward-looking statements may be identified by their reference to a future period or periods or by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "may," "might," "will," "would," "could" or "intend." We caution you not to place undue reliance on the forward-looking statements contained in this news release, as actual results could differ materially from those indicated in such forward-looking statements. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this news release.

Explanation of Certain Unaudited Non-GAAP Financial Measures

The measure entitled core operating earnings is not a measure recognized under U.S. generally accepted accounting principles (GAAP) and therefore is considered to be a non-GAAP financial measure. The most comparable GAAP measure is net income before taxes. Core operating earnings exclude select revenues and expenditures not considered core to the Company's daily operations.

Management uses this non-GAAP financial measure in its analysis of the Company's performance and believes these presentations provide useful supplemental information and a clearer understanding of the Company's operating performance. These disclosures should not be considered an alternative to GAAP. The computations of core operating earnings are set forth in the Quarterly Financial Highlights table.

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SOUTHEASTERN BANKING CORPORATION

Quarterly Financial Highlights

The following table presents selected consolidated financial data for Southeastern Banking Corporation. This data is derived from quarterly unaudited financial statements and should be read in conjunction with the annual audited financial statements and related notes. The 2023 Annual Report is available online at www.edocumentview.com/sebc.

	Quarterly Results				
	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	June 30, 2023	Mar. 31, 2023
As of and for the periods ended:					
<i>(Dollars in thousands except per share data)</i>					
Summary of Operations:					
Interest income	\$ 7,357	\$ 6,954	\$ 6,711	\$ 6,896	\$ 6,755
Interest expense	585	553	428	370	242
Net interest income	6,772	6,401	6,283	6,526	6,513
Provision for credit losses	105	-	-	-	-
Other noninterest income	926	1,950	917	933	1,017
Other noninterest expense	3,989	4,771	4,622	3,997	3,707
Net income before taxes	3,604	3,580	2,578	3,462	3,823
Income taxes	784	777	519	760	799
Net income	\$ 2,820	\$ 2,803	\$ 2,059	\$ 2,702	\$ 3,024
Core Operating Earnings¹:					
Net income before taxes	\$ 3,604	\$ 3,580	\$ 2,578	\$ 3,462	\$ 3,823
+ Provision for credit losses	105	-	-	-	-
+ Net loss on sales of investment securities	-	1,024	-	-	-
- Net gain on sales/disposition of assets	(10)	(1,068)	(48)	(16)	(130)
+ Net noninterest expense for bank-owned properties	3	3	5	5	13
+ Nonrecurring costs of system migration	-	10	745	-	-
+ Donations related to specific community support initiatives	-	50	10	150	-
=Core operating earnings ¹	\$ 3,702	\$ 3,599	\$ 3,290	\$ 3,601	\$ 3,706
Per Share Ratios:					
Diluted earnings	\$ 0.90	\$ 0.89	\$ 0.65	\$ 0.86	\$ 0.96
Dividends	0.19	0.18	0.18	0.17	0.17
Book value at end of period	22.51	22.16	19.86	20.29	20.25
Profitability Ratios:					
Return on average assets	1.91%	1.90%	1.39%	1.78%	1.91%
Return on average equity	16.19%	17.43%	12.74%	16.92%	19.84%
Net interest margin	4.74%	4.44%	4.38%	4.46%	4.26%
Selected Quarter-End Balances:					
Total assets	\$ 605,157	\$ 617,437	\$ 592,610	\$ 601,522	\$ 632,514
Loans, net of unearned income	359,791	348,333	338,222	334,217	336,172
Allowance for credit losses (loans)	7,743	7,561	7,600	7,605	7,653
Investment securities, at amortized cost	183,421	188,872	193,322	198,518	203,568
Deposits	530,760	544,512	527,095	534,861	565,404
Shareholders' equity	70,922	69,822	62,580	63,930	63,799
Nonperforming assets:					
Nonperforming loans	\$ 1,238	\$ 2,078	\$ 1,092	\$ 1,073	\$ 992
Bank-owned properties	40	40	240	240	240
Total nonperforming assets	\$ 1,278	\$ 2,118	\$ 1,332	\$ 1,313	\$ 1,232
Asset Quality Ratios:					
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	0.03%	0.04%	0.01%	-0.02%	-0.07%
Nonperforming assets to total assets	0.21%	0.34%	0.22%	0.22%	0.19%
Allowance for credit losses (loans) to net loans	2.15%	2.17%	2.25%	2.28%	2.28%
Liquidity and Capital Ratios:					
Liquid assets (excl. securities) to total assets	8.73%	11.31%	9.36%	10.03%	13.05%
Loans, net to total deposits	67.79%	63.97%	64.17%	62.49%	59.46%
Average loans to average earning assets (quarterly)	61.42%	60.25%	58.98%	56.36%	53.01%
Tier 1 leverage capital ratio	13.46%	12.79%	12.83%	12.16%	11.21%



¹ Core operating earnings is a non-GAAP (generally accepted accounting principles) measure. This alternative earnings measure is presented to highlight pre-tax earnings capacity exclusive of the outlined revenues and expenditures not considered as core to the Company's daily operations.

SOUTHEASTERN BANKING CORPORATION

Consolidated Statements of Condition

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
<i>(Dollars in thousands)</i>		
ASSETS		
Cash and due from banks	\$ 4,846	\$ 5,357
Interest-bearing deposits in other banks	44,973	57,184
Federal funds sold	3,033	7,280
Cash and cash equivalents	52,852	69,821
Investment securities:		
Available for sale, at fair value (amortized cost of \$141,577 and \$146,882)	127,838	134,557
Held to maturity, net of allowance for credit losses of \$8 and \$8 (fair value of \$36,676 and \$37,161)	41,835	41,982
Loans, gross	359,820	348,366
Unearned income	(29)	(33)
Allowance for credit losses	(7,743)	(7,561)
Net loans	352,048	340,772
Premises and equipment, net	10,148	10,252
Bank-owned life insurance, at cash surrender value	12,584	12,480
Other real estate	40	40
Deferred tax assets, net	4,859	4,561
Other assets	2,953	2,972
Total assets	\$ 605,157	\$ 617,437
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand deposits	\$ 160,635	\$ 181,088
Interest-bearing demand, savings and time deposits	370,125	363,424
Total deposits	530,760	544,512
Allowance for credit losses on off-balance sheet credit exposures	850	955
Other liabilities	2,625	2,148
Total liabilities	534,235	547,615
Shareholders' equity		
Common stock, \$1.25 par	4,476	4,476
Additional paid-in-capital	1,396	1,396
Retained earnings	84,325	82,104
Treasury stock, at cost	(8,471)	(8,471)
Accumulated other comprehensive loss	(10,804)	(9,683)
Total shareholders' equity	70,922	69,822
Total liabilities and shareholders' equity	\$ 605,157	\$ 617,437

SOUTHEASTERN BANKING CORPORATION

Consolidated Statements of Income

	Three Months Ended March 31,	
	2024	2023
<i>(Unaudited, dollars in thousands)</i>		
Interest income:		
Interest and fees on loans	\$ 5,592	\$ 4,436
Interest on investment securities	1,331	1,339
Other interest income	434	980
Total interest income	<u>7,357</u>	<u>6,755</u>
Interest expense:		
Interest on deposits	<u>585</u>	<u>242</u>
Net interest income	6,772	6,513
Provision for (recovery of) credit losses:		
Loans	210	-
Off-balance sheet credit exposures	(105)	-
Total provision for credit losses	<u>105</u>	<u>-</u>
Net interest income after provision for credit losses	<u>6,667</u>	<u>6,513</u>
Noninterest income:		
Service charges on deposit accounts	207	246
Net gain on sales/disposition of assets	10	130
Other noninterest income	709	641
Total noninterest income	<u>926</u>	<u>1,017</u>
Noninterest expense:		
Salaries and employees benefits	2,554	2,327
Occupancy and equipment, net	802	683
Other noninterest expense	633	697
Total noninterest expense	<u>3,989</u>	<u>3,707</u>
Income before tax expense	3,604	3,823
Income tax expense	<u>784</u>	<u>799</u>
Net income	<u>\$ 2,820</u>	<u>\$ 3,024</u>

SOUTHEASTERN BANKING CORPORATION

Average Balance Sheet and Net Interest Analysis

Three Months Ended March 31,

	2024			2023		
	Average Balances	Income/Expense	Yields/Rates	Average Balances	Income/Expense	Yields/Rates
<i>(Unaudited, dollars in thousands)</i>						
Assets						
Interest earning assets:						
Loans, net of unearned income ¹	\$ 356,117	\$ 5,625	6.35%	\$ 330,680	\$ 4,440	5.45%
Investment securities, taxable ²	161,102	1,204	3.01%	178,490	1,212	2.75%
Investment securities, tax-exempt ^{2,3}	25,449	162	2.56%	25,751	161	2.54%
Other	37,168	434	4.70%	88,918	980	4.47%
Total interest earning assets	579,836	7,425	5.15%	623,839	6,793	4.42%
Noninterest earning assets	13,658			17,755		
Total assets	<u>\$ 593,494</u>			<u>\$ 641,594</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 228,380	\$ 334	0.59%	\$ 249,349	\$ 116	0.19%
Savings	102,625	165	0.65%	113,437	94	0.34%
Time deposits	26,684	86	1.30%	33,494	32	0.39%
Total interest-bearing deposits	357,689	585	0.66%	396,280	242	0.25%
Noninterest-bearing liabilities:						
Demand deposits	162,252			181,240		
Other liabilities	3,506			2,252		
Stockholders' equity	70,047			61,822		
Total liabilities and stockholders' equity	<u>\$ 593,494</u>			<u>\$ 641,594</u>		
Interest rate spread			<u>4.49%</u>			<u>4.17%</u>
Net interest income		<u>\$ 6,840</u>			<u>\$ 6,551</u>	
Net interest margin			<u>4.74%</u>			<u>4.26%</u>

¹ Nonperforming loans are included in average balances. Income on nonaccrual loans, if recognized, is recorded on the cash basis. Loan income includes loan fees and late charges. Tax-equivalent adjustments to loan income were \$33,000 and \$4,000 for the three months ended March 31, 2024 and 2023, respectively.

² Securities are presented on an amortized cost basis.

³ Tax-equivalent adjustments totaling \$35,000 and \$34,000 for the three months ended March 31, 2024 and 2023, respectively, are included in income on tax-exempt securities.