

Quarterly Financial Update

For the second quarter of 2015, the Company reported net income of \$563,000, a 19.3% increase compared to \$472,000 for the same period in 2014. Year-to-date, the Company reported net income of \$1,014,000, a 31.5% increase compared to \$771,000 for the first half of 2014. Financial highlights for the second quarter and first half of 2015 include:

- ▲ A provision for loan losses was not needed due to continued asset quality improvement. Year-to-date net loan losses amounted to 0.24% of average loans (annualized), a significant decline compared to a net loan loss ratio of 1.94% in 2014.
- ▲ Valuation write-downs on foreclosed properties (called “other real estate owned” or “ORE”) declined from \$332,000 in the second quarter of 2014 to \$101,000 in 2015.
- ▲ During the second quarter, we sold 20 parcels of ORE with a book value of \$867,000 at a net book gain of \$202,000, an increase compared to a net gain of \$102,000 for the same period in 2014.
- ▲ Total nonperforming assets declined \$1.23 million (or 6.0%) in the second quarter, and \$10.20 million (or 34.5%) year-over-year.
- ▲ During the quarter, total assets decreased \$3.65 million (or 0.9%), but up \$12.11 million (or 3.1%) year-over-year.
- ▲ Likewise, total deposits decreased \$3.42 million (or 1.0%) for the quarter, but up \$3.85 million (or 1.1%) year-over-year.
- ▲ Total performing loans decreased \$1.30 million (or 0.8%) during the quarter and \$2.47 million (or 1.5%) year-over-year. The declines are due to large loan payoffs despite strong new loan production. Year-to-date, new loan production totaled \$28.67 million.
- ▲ A portion of the Company’s excess liquidity was invested in bonds during the quarter, increasing the bond portfolio \$11.72 million (or 12.3%). At quarter-end, the bond portfolio represented 26.8% of total assets, up from 25.1% twelve months prior.

The Company’s capital, earnings and asset quality levels continue to improve, and we are seeing more opportunities for new business development. Let us know if you have any financing needs. We appreciate your continued support.

Respectfully yours,



Cornelius P. Holland III
President & CEO



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Key Financial Statistics

(Dollars in thousands except per share data)

As of June 30, 2015:

Total Assets	\$398,567
Total Loans	\$168,337
Total Deposits	\$352,389
Total Equity Capital	\$45,139
Loans-to-Deposits	47.77%
Nonperforming Assets-to-Total Assets	4.85%
Capital-to-Assets	11.33%
Book Value per Share	\$14.42

For the Quarter Ended June 30, 2015:

Net Interest Income	\$2,881
Provision for Loan Losses	\$ -
Net Income	\$563
Net Income per Share	\$0.18
Return on Average Assets	0.56%
Return on Average Equity	4.94%
Net Interest Margin	3.26%

Quarterly Financial Data

The following tables present selected consolidated financial data for the Company. 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, 2014. The Company's 2014 Annual Report can be viewed online at www.edocumentview.com/sebc.

As of and for the periods ended:	Quarter-to-Date					Year-to-Date	
	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Jun. 30, 2015	Jun. 30, 2014
<i>(Dollars in thousands except per share data)</i>							
Summary of Operations:							
Interest income	\$ 3,045	\$ 2,972	\$ 3,051	\$ 3,062	\$ 3,107	\$ 6,017	\$ 6,125
Interest expense	164	169	174	180	186	333	370
Net interest income	2,881	2,803	2,877	2,882	2,921	5,684	5,755
Provision for loan losses	-	-	1,200	-	-	-	150
Noninterest income	665	737	645	743	733	1,402	1,748
Noninterest expense	2,755	2,923	5,582	2,762	3,182	5,678	6,582
Net income (loss) before tax	791	617	(3,260)	863	472	1,408	771
Income tax (benefit)	228	166	(9,553)	-	-	394	-
Net income	\$ 563	\$ 451	\$ 6,293	\$ 863	\$ 472	\$ 1,014	\$ 771
Per Share Ratios:							
Basic and diluted earnings	\$ 0.18	\$ 0.14	\$ 2.01	\$ 0.28	\$ 0.15	\$ 0.32	\$ 0.25
Book value at end of period	14.42	14.46	14.20	12.06	11.78	14.42	11.78
Stock trading price:							
High	10.40	10.00	9.50	8.05	7.26	10.40	7.45
Low	9.25	8.60	8.00	7.21	6.50	8.60	6.50
Profitability Ratios:							
Return on average assets	0.56%	0.46%	6.42%	0.89%	0.49%	0.51%	0.41%
Return on average equity	4.94%	4.06%	63.48%	9.12%	5.17%	4.51%	4.26%
Net interest margin	3.26%	3.26%	3.29%	3.34%	3.41%	3.26%	3.44%
Adjustments to net income to arrive at non-GAAP¹ core operating earnings:							
Net income (loss) before tax	\$ 791	\$ 617	\$(3,260)	\$ 863	\$ 472	\$ 1,408	\$ 771
+ Provision for loan losses	-	-	1,200	-	-	-	150
- Net (gain) loss on investments	40	(33)	125	49	51	7	(197)
- Net (gain) loss on sales of assets	-	-	14	(16)	-	-	-
- Net gain on sales of ORE	(202)	(58)	(79)	(338)	(102)	(260)	(133)
+ Write-downs on ORE values	101	26	2,879	72	332	127	851
+ Other foreclosed property expenses	75	68	9	127	106	143	189
Core operating earnings (non-GAAP ¹)	\$ 805	\$ 620	\$ 888	\$ 757	\$ 859	\$ 1,425	\$ 1,631

¹ 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, ORE gains and losses, valuation write-downs on ORE and expenses related to carrying and disposing of ORE and repossessed assets), and non-recurring gains and losses on sales of investment securities and other assets.

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As of and for the quarters ended:	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014
<i>(Dollars in thousands)</i>					
Selected Quarterly Average Balances:					
Total assets	\$ 400,958	\$ 397,430	\$ 389,134	\$ 384,503	\$ 385,540
Earning assets	359,494	354,202	352,496	347,921	348,627
Loans, net of unearned income	169,457	169,195	173,661	174,891	173,872
Investment securities, at amortized cost	98,854	95,102	94,274	95,734	96,945
Deposits	354,153	351,408	348,685	345,826	347,899
Shareholders' equity	45,680	45,061	39,328	37,566	36,700
Selected Year-to-Date Average Balances:					
Total assets	\$ 399,204	\$ 397,430	\$ 383,789	\$ 381,987	\$ 380,708
Earning assets	356,863	354,202	346,751	344,815	343,237
Loans, net of unearned income	169,327	169,195	174,287	174,498	174,299
Investment securities, at amortized cost	96,988	95,102	96,115	96,735	97,244
Deposits	352,788	351,408	345,300	344,159	343,312
Shareholders' equity	45,372	45,061	37,487	36,867	36,511
Selected Quarter-End Balances:					
Total assets	\$ 398,567	\$ 402,217	\$ 389,767	\$ 382,614	\$ 386,453
Loans, net of unearned income	168,337	169,887	168,814	175,016	174,440
Allowance for loan losses	4,421	4,446	4,620	6,263	6,450
Investment securities, at amortized cost	106,667	94,947	95,872	94,574	97,182
Deposits	352,389	355,812	344,257	343,675	348,544
Shareholders' equity	45,139	45,250	44,437	37,755	36,859
Nonperforming assets:					
Nonperforming loans	\$ 8,552	\$ 8,800	\$ 9,176	\$ 11,758	\$ 12,186
Foreclosed properties	10,789	11,777	11,954	15,829	17,352
Other repossessed assets	2	-	-	1	3
Total nonperforming assets	\$ 19,343	\$ 20,577	\$ 21,130	\$ 27,588	\$ 29,541
Asset Quality Ratios:					
Net charge-offs per quarter (annualized) to quarterly average loans	0.06%	0.42%	1.64%	0.42%	0.53%
Net charge-offs year-to-date (annualized) to YTD average loans	0.24%	0.42%	1.94%	0.42%	0.41%
Nonperforming assets to total assets	4.85%	5.12%	5.42%	7.21%	7.64%
Allowance for loan losses to net loans	2.63%	2.62%	2.74%	3.58%	3.70%
Allowance to nonperforming loans	51.70%	50.52%	50.35%	53.27%	52.93%
Liquidity Ratios:					
Loans, net to total deposits	47.77%	47.75%	49.04%	50.92%	50.04%
Average loans to average earning assets (quarterly)	47.14%	47.77%	49.27%	50.27%	49.87%
Noninterest-bearing deposits to total deposits	20.81%	20.35%	21.25%	21.59%	22.41%
Capital Adequacy Ratios:					
Tier 1 risk-based capital ratio	18.11%	17.53%	17.73%	18.39%	18.07%
Total risk-based capital ratio	19.39%	18.79%	18.99%	19.66%	19.35%
Tier 1 leverage ratio	10.21%	10.07%	9.46%	9.94%	9.68%

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2015 Annual Shareholder Meeting Voting Results

The Company's Annual Meeting of Shareholders was held on May 21, 2015. There were present, in person or by proxy, 2,438,692 shares (or 77.9%) of the Company's common stock, which constituted a quorum. The voting results for the proposals submitted and approved by the shareholders were as follows:

- Elect Directors to serve until the 2016 Annual Shareholder Meeting.

	<u>FOR</u>	<u>WITHHELD</u>	<u>NON-VOTE</u>
Alyson G. Beasley	1,921,292	39,044	478,356
Albert P. Downey	1,921,292	39,044	478,356
Jerry W. Harper	1,920,390	39,946	478,356
Cornelius P. Holland, III	1,904,199	56,137	478,356
Alva J. Hopkins, III	1,882,624	77,712	478,356
Craig Root	1,897,775	62,561	478,356
John E. Zoucks	1,920,390	39,946	478,356

- Set the number of Directors at eleven.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>NON-VOTE</u>
2,392,564	9,413	36,715	-

- Approve the appointment of independent auditors by the Audit Committee.

<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>	<u>NON-VOTE</u>
2,243,468	165,639	29,585	-

Shareholder Services

Our stock transfer agent, Computershare, can assist you with transfers of stock ownership, name changes, replacement of lost stock certificates, updated mailing addresses, research of ownership history, or tax forms.

To contact Computershare:

Call: 800.368.5948 (for hearing impaired/TDD, call 800.952.9245)

Click: www.computershare.com/investor

Mail: Computershare
P.O. Box 30170
College Station, TX 77842-3170

Overnight: Computershare
211 Quality Circle, Suite 210
College Station, TX 77845

About SEBC

Southeastern Banking Corporation ("SEBC") is a bank holding company located in Darien, Georgia. SEBC common stock trades publicly through a network of broker-dealer firms "over-the-counter" ("OTC") as an OTC stock. Investors can find real-time quotes and market information on SEBC using our "SEBC" stock symbol on the OTC Markets Group website at www.otcm Markets.com and most other websites containing stock market information.

You can view the latest version of this Quarterly Update and our Annual Report, including our audited consolidated financial statements, on the Southeastern Bank website at www.southeasternbank.com.

Southeastern Bank, SEBC's bank subsidiary, offers a full line of commercial and retail banking services through 12 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, its branch locations and available products and services can be obtained online at www.southeasternbank.com. Additional regulatory information about the Bank, including its 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.