

Quarterly Financial Update

2nd Quarter 2020

The following table presents selected consolidated financial data for the Company. This data is derived from the Company's quarterly unaudited financial statements and should be read in conjunction with the Company's annual audited financial statements and related notes. The Company's 2019 Annual Report is available online at www.edocumentview.com/sebc.

	Quarterly Results					Year-to-Date Results	
	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
As of and for the periods ended: <i>(Dollars in thousands except per share data)</i>							
Summary of Operations:							
Interest income	\$ 4,275	\$ 4,457	\$ 4,406	\$ 4,551	\$ 4,491	\$ 8,732	\$ 8,814
Interest expense	166	229	256	256	244	395	476
Net interest income	4,109	4,228	4,150	4,295	4,247	8,337	8,338
Provision for (recovery of) loan losses	600	-	-	(375)	-	600	-
Other noninterest income	823	836	951	885	898	1,659	1,832
Other noninterest expense	3,073	3,091	3,146	3,120	3,169	6,164	6,236
Net income before tax	1,259	1,973	1,955	2,435	1,976	3,232	3,934
Income tax	238	388	400	487	394	626	783
Net income	\$ 1,021	\$ 1,585	\$ 1,555	\$ 1,948	\$ 1,582	\$ 2,606	\$ 3,151
Core Operating Earnings¹:							
Net income before tax	\$ 1,259	\$ 1,973	\$ 1,955	\$ 2,435	\$ 1,976	\$ 3,232	\$ 3,934
+ Provision for (recovery of) loan losses	600	-	-	(375)	-	600	-
- Net gain (loss) on investments	-	1	(23)	-	(8)	1	(25)
- Net gain on sales of bank-owned properties	4	11	99	44	30	15	189
+ Valuation write-downs on bank-owned properties	13	50	37	-	57	63	57
+ Net noninterest expense for bank-owned properties	73	21	2	17	26	94	47
= Core operating earnings ¹	\$ 1,941	\$ 2,032	\$ 1,918	\$ 2,033	\$ 2,037	\$ 3,973	\$ 3,874
Per Share Ratios:							
Diluted earnings	\$ 0.32	\$ 0.50	\$ 0.49	\$ 0.62	\$ 0.50	\$ 0.83	\$ 1.00
Dividends	0.15	0.15	1.13	0.13	0.13	0.30	0.26
Book value at end of period	20.09	19.36	18.89	19.66	19.04	20.09	19.04
Profitability Ratios:							
Return on average assets	0.84%	1.43%	1.43%	1.83%	1.50%	1.12%	1.50%
Return on average equity	6.57%	10.46%	10.29%	12.66%	10.88%	8.49%	11.11%
Net interest margin	3.65%	4.13%	4.14%	4.38%	4.34%	3.87%	4.30%
Selected Quarter-End Balances:							
Total assets	\$508,991	\$447,354	\$460,307	\$421,602	\$428,819		
Loans, net of unearned income	270,999	239,990	238,698	231,162	226,259		
Allowance for loan losses	5,961	5,178	4,436	4,500	4,390		
Investment securities, at amortized cost	116,791	121,953	113,815	119,321	126,501		
Deposits	431,926	384,862	399,482	358,173	367,702		
Shareholders' equity	63,291	61,002	59,509	61,960	60,003		
Nonperforming assets:							
Nonperforming loans	\$ 1,030	\$ 1,081	\$ 2,060	\$ 1,619	\$ 1,656		
Bank-owned properties	1,550	1,568	1,671	1,787	1,828		
Total nonperforming assets	\$ 2,580	\$ 2,649	\$ 3,731	\$ 3,406	\$ 3,484		
Asset Quality Ratios:							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	-0.28%	-1.24%	0.11%	-0.85%	-0.06%		
Nonperforming assets to total assets	0.51%	0.59%	0.81%	0.81%	0.81%		
Allowance for loan losses to net loans	2.20%	2.16%	1.86%	1.95%	1.94%		
Allowance to nonperforming loans	578.93%	479.09%	215.30%	278.03%	265.05%		
Liquidity and Capital Ratios:							
Liquid assets to total assets	19.23%	14.10%	18.45%	11.20%	12.14%		
Loans, net to total deposits	62.74%	62.36%	59.75%	64.54%	61.53%		
Average loans to average earning assets (quarterly)	57.78%	58.22%	59.01%	58.31%	55.99%		
Noninterest-bearing deposits to total deposits	30.43%	26.45%	23.55%	26.76%	26.69%		
Tier 1 leverage capital ratio	12.45%	13.44%	13.64%	14.41%	13.93%		



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 credit-related charges (e.g., provision for or recovery of loan losses, gains and losses on sales of foreclosed properties, valuation write-downs on foreclosed properties and expenses related to carrying and disposing of foreclosed properties net of any rental income received on such properties) and any gains and losses on investment securities and other assets.