

# Quarterly Financial Update

# 3rd Quarter 2019

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 2018 Annual Report is available online at [www.edocumentview.com/sebc](http://www.edocumentview.com/sebc).

| As of and for the periods ended:                                 | Quarterly Results |               |               |               |               | Year-to-Date Results |               |
|--|-------------------|---------------|---------------|---------------|---------------|----------------------|---------------|
|  | Sep. 30, 2019     | Jun. 30, 2019 | Mar. 31, 2019 | Dec. 31, 2018 | Sep. 30, 2018 | Sep. 30, 2019        | Sep. 30, 2018 |
| <i>(Dollars in thousands except per share data)</i>              |                   |               |               |               |               |                      |               |
| <b>Summary of Operations:</b>                                    |                   |               |               |               |               |                      |               |
| Interest income  | \$ 4,551          | \$ 4,491      | \$ 4,323      | \$ 4,286      | \$ 4,124      | \$13,365             | \$12,050      |
| Interest expense   | 256               | 244           | 232           | 219           | 183           | 732                  | 533           |
| Net interest income  | 4,295             | 4,247         | 4,091         | 4,067         | 3,941         | 12,633               | 11,517        |
| Provision for (recovery of) loan losses                          | (375)             | -             | -             | -             | -             | (375)                | 120           |
| Net loss on investments  | -                 | (8)           | (17)          | -             | (2)           | (25)                 | (2)           |
| Net gain on sales of bank-owned properties                       | 44                | 30            | 159           | 1,309         | 84            | 233                  | 657           |
| Other noninterest income   | 841               | 876           | 792           | 880           | 854           | 2,509                | 2,525         |
| Valuation write-downs on bank-owned properties                   | -                 | 57            | -             | 553           | -             | 57                   | 68            |
| Other noninterest expense  | 3,120             | 3,112         | 3,067         | 3,049         | 2,970         | 9,299                | 8,682         |
| Net income before tax  | 2,435             | 1,976         | 1,958         | 2,654         | 1,907         | 6,369                | 5,827         |
| Income tax   | 487               | 394           | 389           | 484           | 381           | 1,270                | 1,155         |
| Net income   | \$ 1,948          | \$ 1,582      | \$ 1,569      | \$ 2,170      | \$ 1,526      | \$ 5,099             | \$ 4,672      |
| <b>Per Share Ratios:</b>   |                   |               |               |               |               |                      |               |
| Diluted earnings   | \$ 0.62           | \$ 0.50       | \$ 0.50       | \$ 0.69       | \$ 0.49       | \$ 1.62              | \$ 1.49       |
| Dividends  | 0.13              | 0.13          | 0.13          | 0.11          | 0.11          | 0.39                 | 0.33          |
| Book value at end of period                                      | 19.66             | 19.04         | 18.34         | 17.64         | 16.76         | 19.66                | 16.76         |
| Stock trading price:   |                   |               |               |               |               |                      |               |
| High   | 23.90             | 21.00         | 20.00         | 21.00         | 21.25         | 23.90                | 21.25         |
| Low  | 19.60             | 19.00         | 17.50         | 17.50         | 20.00         | 17.50                | 19.75         |
| <b>Profitability Ratios:</b>                                     |                   |               |               |               |               |                      |               |
| Return on average assets   | 1.83%             | 1.50%         | 1.51%         | 2.03%         | 1.44%         | 1.61%                | 1.45%         |
| Return on average equity   | 12.66%            | 10.88%        | 11.34%        | 16.06%        | 11.56%        | 11.66%               | 12.17%        |
| Net interest margin  | 4.38%             | 4.34%         | 4.26%         | 4.11%         | 4.02%         | 4.33%                | 3.88%         |
| <b>Selected Quarter-End Balances:</b>                            |                   |               |               |               |               |                      |               |
| Total assets   | \$421,602         | \$428,819     | \$427,580     | \$419,571     | \$421,575     |                      |               |
| Loans, net of unearned income                                    | 231,162           | 226,259       | 215,167       | 211,270       | 208,571       |                      |               |
| Allowance for loan losses  | 4,500             | 4,390         | 4,358         | 3,803         | 3,685         |                      |               |
| Investment securities, at amortized cost                         | 119,321           | 126,501       | 127,151       | 131,679       | 131,553       |                      |               |
| Deposits   | 358,173           | 367,702       | 368,902       | 363,192       | 367,607       |                      |               |
| Shareholders' equity   | 61,960            | 60,003        | 57,413        | 55,217        | 52,455        |                      |               |
| Nonperforming assets:  |                   |               |               |               |               |                      |               |
| Nonperforming loans  | \$ 1,619          | \$ 1,656      | \$ 1,590      | \$ 1,595      | \$ 1,750      |                      |               |
| Bank-owned properties  | 1,787             | 1,828         | 1,873         | 1,858         | 4,300         |                      |               |
| Total nonperforming assets                                       | \$ 3,406          | \$ 3,484      | \$ 3,463      | \$ 3,453      | \$ 6,050      |                      |               |
| <b>Asset Quality Ratios:</b>                                     |                   |               |               |               |               |                      |               |
| Annualized net recoveries per quarter to quarterly average loans | -0.85%            | -0.06%        | -1.06%        | -0.22%        | -0.53%        |                      |               |
| Nonperforming assets to total assets                             | 0.81%             | 0.81%         | 0.81%         | 0.82%         | 1.44%         |                      |               |
| Allowance for loan losses to net loans                           | 1.95%             | 1.94%         | 2.03%         | 1.80%         | 1.77%         |                      |               |
| Allowance to nonperforming loans                                 | 278.03%           | 265.05%       | 274.09%       | 238.44%       | 210.62%       |                      |               |
| <b>Liquidity Ratios:</b>   |                   |               |               |               |               |                      |               |
| Liquid assets to total assets                                    | 11.20%            | 12.14%        | 14.45%        | 12.76%        | 13.63%        |                      |               |
| Loans, net to total deposits                                     | 64.54%            | 61.53%        | 58.33%        | 58.17%        | 56.74%        |                      |               |
| Average loans to average earning assets (quarterly)              | 58.31%            | 55.99%        | 54.37%        | 53.72%        | 52.79%        |                      |               |
| Noninterest-bearing deposits to total deposits                   | 26.76%            | 26.69%        | 25.61%        | 27.37%        | 25.08%        |                      |               |
| <b>Capital Adequacy Ratios (consolidated):</b>                   |                   |               |               |               |               |                      |               |
| Tier 1 risk-based capital ratio                                  | 22.72%            | 22.38%        | 22.64%        | 22.00%        | 21.28%        |                      |               |
| Total risk-based capital ratio                                   | 23.98%            | 23.64%        | 23.90%        | 23.26%        | 22.53%        |                      |               |
| Tier 1 leverage ratio  | 14.41%            | 13.93%        | 13.58%        | 13.09%        | 12.90%        |                      |               |

