

## Southeastern Banking Corporation Reports Third Quarter 2023 Results



### Declares Quarterly Cash Dividend of \$0.18 Per Share

Darien, GA — November 16, 2023 – Southeastern Banking Corporation (OTCPINK:SEBC; the “Company”), the parent of Southeastern Bank, today reported financial results for the third quarter of 2023. Financial highlights are shown below.

Additionally, the Board of Directors declared a quarterly dividend of \$0.18 per share, to be paid on December 7, 2023, to shareholders of record on November 30, 2023.

Commenting on the Company’s results, Donald “Jay” Torbert, Jr., President and Chief Executive Officer, said, “The Bank continues to perform at a relatively high level, especially in terms of core earnings where it is on pace to surpass 2022 levels, despite difficult operating and interest rate environments. During the third quarter, we launched the migration to a new banking platform that presented certain operational distractions of its own. However, I am extremely proud of our team, who worked hard implementing the changes while continuing to provide a high level of service assisting our customers with the transition. We believe this investment in our systems and other ongoing enhancements are necessary to efficiently deliver products and services that meet our customers’ needs today and into the future.”

### Earnings

- Net income was \$2.1 million (or \$0.65 per share) for the third quarter of 2023, compared to \$2.7 million (or \$0.86 per share) for the second quarter of 2023 and \$2.6 million (or \$0.82 per share) for the third quarter of 2022. The decline in net earnings during the third quarter is primarily attributable to \$745 thousand in nonrecurring charges related to the systems migration. Additionally, contraction in earning assets combined with increased rates paid on deposit accounts drove a \$243 thousand decline in net interest income compared to the second quarter of 2023.
- Core operating earnings for the third quarter totaled \$3.3 million compared to \$3.6 million for the second quarter of 2023 and \$3.0 million for the third quarter of 2022.
- The return on average assets for the third quarter of 2023 was 1.39%, compared to 1.78% for the second quarter of 2023 and 1.56% for the third quarter of 2022.
- The return on average equity was 12.74% versus 16.92% for the second quarter of 2023 and 16.91% for the third quarter of 2022.
- Net interest margin was 4.38% in the third quarter versus 4.46% for the second quarter of 2023 and 3.52% in the third quarter of 2022.
- Year to date, net income was \$7.8 million (or \$2.47 per share) compared to \$6.2 million (or \$1.97 per share) for the first nine months of 2022.

### Balance Sheet

- Total assets decreased 1.5%, or \$8.9 million, during the third quarter to end at \$592.6 million. This reduction is attributed to net deposit outflows. Over the last twelve months total assets declined 7.6%, or \$48.7 million.
- Deposits declined 1.5%, or \$7.8 million, during the third quarter to end at \$527.1 million. Deposits contracted 9.6%, or \$55.9 million, year-over-year. The net deposit outflows reflect a release of pandemic surge deposits, yet we still remain above pre-pandemic deposit levels, and the placement of customer deposits through a third party network. Net deposit placements off balance sheet declined \$12.8 million during the third quarter but increased \$40.5 million over the last twelve months. Deposit declines were largely led by commercial demand (down \$9.8 million for the quarter and \$18.5 million year-over-year) and public deposits (down \$9.9 million for the quarter and \$11.6 million year-over-year). Despite the dollar decline in deposits, we have experienced growth in the number of core deposit accounts over the last twelve months.
- Loans, net of unearned income, increased by 1.2%, or \$4.0 million, during the third quarter to end at \$338.2 million. Year-over-year, loans outstanding increased 14.3%, or \$42.2 million.
- Total loan production through commercial and retail lending activities was in excess of \$32.5 million during the third quarter, down from \$38.5 million in the second quarter and the \$41.3 million generated during the third quarter of 2022. We have seen a notable slowdown in loan demand that we attribute in large part to higher interest rates.

## Capital

- Capital continues to exceed regulatory thresholds required to be considered “well-capitalized.”
- Consolidated Tier 1 leverage capital ratio was 12.83% at September 30, 2023, up 67bps during the quarter and 241bps over the last twelve months.
- Book value per share was \$19.86 at September 30, 2023, and has increased by \$1.98 over the last twelve months.

## Asset Quality

- Asset quality remained stable through the third quarter of 2023.
- Nonperforming assets were \$1.3 million, or 0.22% of total assets, at September 30, 2023 and were virtually unchanged during the quarter.
- The allowance for credit losses related to loans aggregated \$7.6 million, or 2.25% of total loans, at September 30, 2023, compared to \$7.6 million, or 2.28% of total loans, at June 30, 2023.
- Based on credit quality metrics, a provision for credit losses was not considered necessary 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](http://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.

CONTACT: Robert M. Eidson, Jr.  
Treasurer  
912-437-4141  
[robbie.eidson@southeasternbank.com](mailto:robbie.eidson@southeasternbank.com)

# 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 2022 Annual Report is available online at [www.edocumentview.com/sebc](http://www.edocumentview.com/sebc).

	Quarterly Results					Year-To-Date Results	
	Sep. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sep. 30, 2022	Sep. 30, 2023	Sep. 30, 2022
<b>As of and for the periods ended:</b>							
<i>(Dollars in thousands except per share data)</i>							
<b>Summary of Operations:</b>							
Interest income	\$ 6,711	\$ 6,896	\$ 6,755	\$ 6,602	\$ 5,706	\$ 20,362	\$ 15,136
Interest expense	428	370	242	131	96	1,040	287
Net interest income	6,283	6,526	6,513	6,471	5,610	19,322	14,849
Provision for (recovery of) credit losses	-	-	-	-	-	-	-
Other noninterest income	917	933	1,017	1,017	1,206	2,867	3,223
Other noninterest expense	4,622	3,997	3,707	3,657	3,700	12,326	10,372
Net income before taxes	2,578	3,462	3,823	3,831	3,116	9,863	7,700
Income taxes	519	760	799	982	522	2,078	1,485
Net income	\$ 2,059	\$ 2,702	\$ 3,024	\$ 2,849	\$ 2,594	\$ 7,785	\$ 6,215
<b>Core Operating Earnings<sup>1</sup>:</b>							
Net income before taxes	\$ 2,578	\$ 3,462	\$ 3,823	\$ 3,831	\$ 3,116	\$ 9,863	\$ 7,700
- Paycheck Protection Program loan fees	-	-	-	(3)	-	-	(151)
- Net gain on sales/disposition of assets	(48)	(16)	(130)	(92)	(272)	(194)	(318)
+ Net noninterest expense for bank-owned properties	5	5	13	4	12	23	24
+ Nonrecurring costs of system migration	745	-	-	-	-	745	-
+ Donations related to specific community support initiatives	10	150	-	50	110	160	110
=Core operating earnings <sup>1</sup>	\$ 3,290	\$ 3,601	\$ 3,706	\$ 3,790	\$ 2,966	\$ 10,597	\$ 7,365
<b>Per Share Ratios:</b>							
Diluted earnings	\$ 0.65	\$ 0.86	\$ 0.96	\$ 0.90	\$ 0.82	\$ 2.47	\$ 1.97
Dividends	0.18	0.17	0.17	0.16	0.16	0.52	0.48
Book value at end of period	19.86	20.29	20.25	18.94	17.88	19.86	17.88
<b>Profitability Ratios:</b>							
Return on average assets	1.39%	1.78%	1.91%	1.74%	1.56%	1.70%	1.27%
Return on average equity	12.74%	16.92%	19.84%	19.72%	16.91%	16.44%	13.37%
Net interest margin	4.38%	4.46%	4.26%	4.07%	3.52%	4.35%	3.19%
<b>Selected Quarter-End Balances:</b>							
Total assets	\$ 592,610	\$ 601,522	\$ 632,514	\$ 672,017	\$ 641,332		
Loans, net of unearned income	338,222	334,217	336,172	327,346	296,022		
Allowance for credit losses (loans)	7,600	7,605	7,653	7,239	7,272		
Investment securities, at amortized cost	193,322	198,518	203,568	206,413	205,595		
Deposits	527,095	534,861	565,404	610,597	583,037		
Shareholders' equity	62,580	63,930	63,799	59,675	56,348		
Nonperforming assets:							
Nonperforming loans	\$ 1,092	\$ 1,073	\$ 992	\$ 1,026	\$ 1,122		
Bank-owned properties	240	240	240	271	242		
Total nonperforming assets	\$ 1,332	\$ 1,313	\$ 1,232	\$ 1,297	\$ 1,364		
<b>Asset Quality Ratios:</b>							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	0.01%	-0.02%	-0.07%	0.04%	0.03%		
Nonperforming assets to total assets	0.22%	0.22%	0.19%	0.19%	0.21%		
Allowance for credit losses (loans) to net loans	2.25%	2.28%	2.28%	2.21%	2.46%		
<b>Liquidity and Capital Ratios:</b>							
Liquid assets (excl. securities) to total assets	9.36%	10.03%	13.05%	19.50%	20.73%		
Loans, net to total deposits	64.17%	62.49%	59.46%	53.61%	50.77%		
Average loans to average earning assets (quarterly)	58.98%	56.36%	53.01%	49.50%	45.78%		
Tier 1 leverage capital ratio	12.83%	12.16%	11.21%	10.78%	10.42%		



<sup>1</sup> 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

	September 30, 2023 <i>(Unaudited)</i>	December 31, 2022 <i>(Audited)</i>
<i>(Dollars in thousands)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 5,056	\$ 24,287
Interest-bearing deposits in other banks	46,599	95,410
Federal funds sold	3,822	11,358
Cash and cash equivalents	<u>55,477</u>	<u>131,055</u>
Investment securities:		
Available for sale, at fair value	131,996	146,294
Held to maturity, net of allowance for credit losses of \$8 and \$0 (fair value of \$35,554 and \$38,024)	42,652	44,285
Loans, gross	338,255	327,388
Unearned income	(33)	(42)
Allowance for credit losses	(7,600)	(7,239)
Net loans	<u>330,622</u>	<u>320,107</u>
Premises and equipment, net	10,356	9,993
Bank-owned life insurance, at cash surrender value	12,376	12,091
Other real estate	240	266
Deferred tax assets, net	6,070	5,208
Other assets	<u>2,821</u>	<u>2,718</u>
Total assets	<u>\$ 592,610</u>	<u>\$ 672,017</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Noninterest-bearing demand deposits	\$ 163,769	\$ 179,872
Interest-bearing demand, savings and time deposits	363,326	430,725
Total deposits	<u>527,095</u>	<u>610,597</u>
Other liabilities	2,934	1,745
Total liabilities	<u>530,029</u>	<u>612,342</u>
Shareholders' equity		
Common stock, \$1.25 par	4,476	4,476
Additional paid-in-capital	1,396	1,396
Retained earnings	79,868	74,716
Treasury stock, at cost	(8,471)	(8,471)
Accumulated other comprehensive loss	(14,688)	(12,442)
Total shareholders' equity	<u>62,581</u>	<u>59,675</u>
Total liabilities and shareholders' equity	<u>\$ 592,610</u>	<u>\$ 672,017</u>

# SOUTHEASTERN BANKING CORPORATION

## Consolidated Statements of Income

(Unaudited, dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
<b>Interest income:</b>				
Interest and fees on loans	\$ 4,924	\$ 3,787	\$ 14,196	\$ 11,127
Interest on investment securities	1,320	1,095	4,007	2,809
Other interest income	467	824	2,159	1,200
Total interest income	6,711	5,706	20,362	15,136
<b>Interest expense:</b>				
Interest on deposits	428	96	1,040	287
Net interest income	6,283	5,610	19,322	14,849
<b>Provision for credit losses</b>	-	-	-	-
Net interest income after provision for credit losses	6,283	5,610	19,322	14,849
<b>Noninterest income:</b>				
Service charges on deposit accounts	231	270	713	774
Net gain on sales/disposition of assets	48	272	194	318
Other noninterest income	638	664	1,960	2,131
Total noninterest income	917	1,206	2,867	3,223
<b>Noninterest expense:</b>				
Salaries and employees benefits	2,531	2,196	7,300	6,276
Occupancy and equipment, net	1,370	696	2,764	2,042
Other noninterest expense	721	808	2,262	2,054
Total noninterest expense	4,622	3,700	12,326	10,372
Income before tax expense	2,578	3,116	9,863	7,700
<b>Income tax expense</b>	519	522	2,078	1,485
<b>Net income</b>	\$ 2,059	\$ 2,594	\$ 7,785	\$ 6,215

# SOUTHEASTERN BANKING CORPORATION

## Average Balance Sheet and Net Interest Analysis

Three Months Ended September 30,

	2023			2022		
	Average Balances	Income/Expense	Yields/Rates	Average Balances	Income/Expense	Yields/Rates
<i>(Unaudited, dollars in thousands)</i>						
<b>Assets</b>						
Interest earning assets:						
Loans, net of unearned income <sup>1</sup>	\$ 337,923	\$ 4,937	5.80%	\$ 291,214	\$ 3,793	5.17%
Investment securities, taxable <sup>2</sup>	170,699	1,193	2.77%	170,476	969	2.26%
Investment securities, tax-exempt <sup>2,3</sup>	25,600	162	2.51%	25,910	159	2.43%
Other	38,704	467	4.79%	148,555	824	2.20%
Total interest earning assets	572,926	6,759	4.68%	636,155	5,745	3.58%
Noninterest earning assets	13,108			22,885		
Total assets	<u>\$ 586,034</u>			<u>\$ 659,040</u>		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 214,605	\$ 206	0.38%	\$ 251,983	\$ 35	0.06%
Savings	107,380	163	0.60%	114,780	30	0.10%
Time deposits	28,243	59	0.83%	39,058	31	0.31%
Total interest-bearing deposits	350,228	428	0.48%	405,821	96	0.09%
Noninterest-bearing liabilities:						
Demand deposits	168,425			190,550		
Other liabilities	3,289			1,808		
Stockholders' equity	64,092			60,861		
Total liabilities and stockholders' equity	<u>\$ 586,034</u>			<u>\$ 659,040</u>		
Interest rate spread			<u>4.20%</u>			<u>3.49%</u>
Net interest income		<u>\$ 6,331</u>			<u>\$ 5,649</u>	
Net interest margin			<u>4.38%</u>			<u>3.52%</u>

<sup>1</sup> 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 \$13,000 and \$6,000 for the three months ended September 30, 2023 and 2022, respectively.

<sup>2</sup> Securities are presented on an amortized cost basis.

<sup>3</sup> Tax-equivalent adjustments totaling \$35,000 and \$33,000 for the three months ended September 30, 2023 and 2022, respectively, are included in income on tax-exempt securities.

# SOUTHEASTERN BANKING CORPORATION

## Average Balance Sheet and Net Interest Analysis

Nine Months Ended September 30,

(Unaudited, Dollars in thousands)	2023			2022		
	Average Balances	Income/ Expense	Yields/ Rates	Average Balances	Income/ Expense	Yields/ Rates
<b>Assets</b>						
Interest earning assets:						
Loans, net of unearned income <sup>1</sup>	\$ 333,956	\$ 14,223	5.69%	\$ 291,689	\$ 11,146	5.11%
Investment securities, taxable <sup>2</sup>	174,829	3,625	2.77%	161,856	2,478	2.05%
Investment securities, tax-exempt <sup>2,3</sup>	25,675	484	2.52%	23,973	418	2.33%
Other	63,604	2,159	4.54%	149,083	1,200	1.08%
Total interest earning assets	598,064	20,491	4.58%	626,601	15,242	3.25%
Noninterest earning assets	14,071			28,540		
Total assets	\$ 612,135			\$ 655,141		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 229,364	\$ 511	0.30%	\$ 263,352	\$ 104	0.05%
Savings	109,723	394	0.48%	110,458	85	0.10%
Time deposits	30,631	135	0.59%	39,643	98	0.33%
Total interest-bearing deposits	369,718	1,040	0.38%	413,453	287	0.09%
Noninterest-bearing liabilities:						
Demand deposits	176,215			177,882		
Other liabilities	2,876			1,647		
Stockholders' equity	63,326			62,159		
Total liabilities and stockholders' equity	\$ 612,135			\$ 655,141		
Interest rate spread			4.20%			3.16%
Net interest income		\$ 19,451		\$ 14,955		
Net interest margin			4.35%			3.19%

<sup>1</sup> 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 \$27,000 and \$19,000 for the nine months ended September 30, 2023 and 2022, respectively.

<sup>2</sup> Securities are presented on an amortized cost basis.

<sup>3</sup> Tax-equivalent adjustments totaling \$102,000 and \$87,000 for the nine months ended September 30, 2023 and 2022, respectively, are included in income on tax-exempt securities.