

Southeastern Banking Corporation Reports Third Quarter 2024 Results

Declares Quarterly Cash Dividend of \$0.20 Per Share



Darien, GA — November 21, 2024 – Southeastern Banking Corporation (OTCPINK:SEBC), the “Company”, the parent of Southeastern Bank, the “Bank”, today reported financial results for the third quarter and first nine months of 2024. Financial highlights are shown below.

Additionally, the Board of Directors declared a quarterly dividend of \$0.20 per share, to be paid December 12, 2024, to shareholders of record on December 5, 2024. This is a penny per share increase from the prior quarters in 2024 and represents a 23% payout of third quarter earnings.

Commenting on the Company’s results, Donald “Jay” Torbert, Jr., President and Chief Executive Officer, said, “We are pleased to report another solid quarterly earnings performance. These results were driven by strong loan production and a stable, core deposit base. Continued economic development and jobs growth in some of our communities have also helped to create a more favorable operating environment for the Bank. However, ongoing inflationary pressures and the interest rate environment have somewhat tempered our results. Accordingly, we expect to see continued compression of our net interest margin and rising operating costs in the coming quarters.”

Earnings

- Net income was \$2.7 million (or \$0.86 per share) for the third quarter of 2024, compared to \$2.5 million (or \$0.80 per share) for the second quarter of 2024 and \$2.1 million (or \$0.65 per share) for the third quarter of 2023. Continued loan growth during the quarter along with upward repricing of earning assets led to increased interest income, which was partially offset by higher funding costs. Noninterest income declined during the quarter primarily due to a decline in mortgage origination volume. Noninterest expense declined as compared to the third quarter of 2023 due to nonrecurring system migration costs of \$745 thousand incurred during the prior year.
- Core operating earnings for the third quarter totaled \$3.5 million compared to \$3.5 million for the second quarter and \$3.3 million for the third quarter of 2023.
- To reduce our need for higher-rate noncore funding, we liquidated a portion of our bond portfolio. A loss of \$30 thousand was realized on sales of investment securities during the third quarter. Investment securities sold had a total book value of \$18.5 million and tax equivalent yield of 4.78%, with funding alternatives providing for an estimated earn-back period on the loss of only 92 days.
- The return on average assets for the third quarter of 2024 was 1.84%, compared to 1.73% for the second quarter and 1.39% for the third quarter of 2023.
- The return on average equity was 14.30% versus 14.19% for the second quarter and 12.74% for the third quarter of 2023.
- Our net interest margin was 4.66% in the third quarter down slightly compared to 4.69% for the second quarter but up from 4.38% in the third quarter of 2023.

Balance Sheet

- Total assets decreased 0.4%, or \$2.6 million, during the third quarter to end at \$592.5 million. Net deposit inflows were offset by pay-downs of short-term borrowings. Over the last twelve months total assets were virtually unchanged, declining \$120 thousand.
- Deposits grew 0.9%, or \$4.6 million, during the third quarter to end at \$505.5 million. Year-over-year, deposits declined 4.1%, or \$21.6 million.
- Loans increased by 1.7%, or \$6.6 million, during the third quarter to end at \$385.5 million. Year-over-year, loans grew 14.0%, or \$47.2 million.
- Total loan production through commercial and retail lending activities was \$36.7 million during the third quarter, down from \$46.6 million in the second quarter but up from \$32.5 million during the third quarter of 2023.

Capital

- Capital continues to exceed regulatory thresholds required to be considered “well-capitalized.”
- Consolidated Tier 1 leverage capital ratio was 14.32% at September 30, 2024, up 35bps during the quarter and 149bps over the last twelve months.
- The Bank’s Tier 1 leverage capital ratio was 12.47% at September 30, 2024.
- Book value per share was \$24.84 at September 30, 2024, a \$1.60 increase during the quarter.

Asset Quality

- Asset quality concerns remained relatively low and stable throughout the third quarter.
- Nonperforming assets were \$1.4 million, or 0.23% of total assets, at September 30, 2024, which reflects only slight increases during both the third quarter and from one year ago.
- The allowance for credit losses related to loans aggregated \$8.2 million, or 2.12% of total loans, at September 30, 2024, compared to \$7.6 million, or 2.17% of total loans, at the end of 2023.
- Due to net recoveries, additional provision for credit losses was not required during the third quarter, but totaled \$342 thousand for the year-to-date as a result of loan growth.

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					Year-To-Date Results	
	Sep. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sep. 30, 2023	Sep. 30, 2024	Sep. 30, 2023
As of and for the periods ended:							
<i>(Dollars in thousands except per share data)</i>							
Summary of Operations:							
Interest income	\$ 7,724	\$ 7,450	\$ 7,357	\$ 6,954	\$ 6,711	\$ 22,531	\$ 20,362
Interest expense	1,095	840	585	553	428	2,520	1,040
Net interest income	6,629	6,610	6,772	6,401	6,283	20,011	19,322
Provision for credit losses	-	237	105	-	-	342	-
Other noninterest income	796	863	926	1,950	917	2,583	2,867
Other noninterest expense	4,024	4,083	3,989	4,771	4,622	12,094	12,326
Net income before taxes	3,401	3,153	3,604	3,580	2,578	10,158	9,863
Income taxes	690	637	784	777	519	2,111	2,078
Net income	\$ 2,711	\$ 2,516	\$ 2,820	\$ 2,803	\$ 2,059	\$ 8,047	\$ 7,785
Core Operating Earnings¹:							
Net income before taxes	\$ 3,401	\$ 3,153	\$ 3,604	\$ 3,580	\$ 2,578	\$ 10,158	\$ 9,863
+ Provision for credit losses	-	237	105	-	-	342	-
+ Net loss on sales of investment securities	30	-	-	1,024	-	30	-
- Net gain on sales/disposition of assets	-	2	(10)	(1,068)	(48)	(8)	(194)
+ Net noninterest expense for bank-owned properties	3	3	3	3	5	9	23
+ Nonrecurring costs of system migration	-	-	-	10	745	-	745
+ Donations related to specific community support initiatives	20	100	-	50	10	120	160
=Core operating earnings ¹	\$ 3,454	\$ 3,495	\$ 3,702	\$ 3,599	\$ 3,290	\$ 10,651	\$ 10,597
Per Share Ratios:							
Diluted earnings	\$ 0.86	\$ 0.80	\$ 0.90	\$ 0.89	\$ 0.65	\$ 2.55	\$ 2.47
Dividends	0.19	0.19	0.19	0.18	0.18	0.57	0.52
Book value at end of period	24.84	23.24	22.51	22.16	19.86	24.84	19.86
Profitability Ratios:							
Return on average assets	1.84%	1.73%	1.91%	1.90%	1.39%	1.83%	1.70%
Return on average equity	14.30%	14.19%	16.19%	17.43%	12.74%	14.87%	16.44%
Net interest margin	4.66%	4.69%	4.74%	4.44%	4.38%	4.70%	4.35%
Selected Quarter-End Balances:							
Total assets	\$ 592,490	\$ 595,121	\$ 605,157	\$ 617,437	\$ 592,610		
Loans, net of unearned income	385,454	378,825	359,791	348,333	338,222		
Allowance for credit losses (loans)	8,159	7,954	7,743	7,561	7,600		
Investment securities, at amortized cost	155,539	176,636	183,421	188,872	193,322		
Deposits	505,464	500,842	530,760	544,512	527,095		
Shareholders' equity	78,253	73,236	70,922	69,822	62,580		
Nonperforming assets:							
Nonperforming loans	\$ 1,340	\$ 1,106	\$ 1,238	\$ 2,078	\$ 1,092		
Bank-owned properties	50	50	40	40	240		
Total nonperforming assets	\$ 1,390	\$ 1,156	\$ 1,278	\$ 2,118	\$ 1,332		
Asset Quality Ratios:							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	-0.14%	0.02%	0.03%	0.04%	0.01%		
Nonperforming assets to total assets	0.23%	0.19%	0.21%	0.34%	0.22%		
Allowance for credit losses (loans) to net loans	2.12%	2.10%	2.15%	2.17%	2.25%		
Liquidity and Capital Ratios:							
Liquid assets (excl. securities) to total assets	6.36%	4.88%	8.73%	11.31%	9.36%		
Loans, net to total deposits	76.26%	75.64%	67.79%	63.97%	64.17%		
Average loans to average earning assets (quarterly)	66.48%	64.44%	61.42%	60.25%	58.98%		
Tier 1 leverage capital ratio	14.32%	13.97%	13.46%	12.79%	12.83%		



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

	September 30, 2024	December 31, 2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>(Dollars in thousands)</i>		
ASSETS		
Cash and due from banks	\$ 4,321	\$ 5,357
Interest-bearing deposits in other banks	31,782	57,184
Federal funds sold	1,592	7,280
Cash and cash equivalents	<u>37,695</u>	<u>69,821</u>
Investment securities:		
Available for sale, at fair value (amortized cost of \$114,283 and \$146,882)	104,735	134,557
Held to maturity, net of allowance for credit losses of \$15 and \$8 (fair value of \$36,943 and \$37,161)	41,241	41,982
Loans, gross	385,485	348,366
Unearned income	(31)	(33)
Allowance for credit losses	(8,159)	(7,561)
Net loans	<u>377,295</u>	<u>340,772</u>
Premises and equipment, net	11,457	10,252
Bank-owned life insurance, at cash surrender value	12,797	12,480
Other real estate	50	40
Deferred tax assets, net	3,982	4,561
Other assets	3,238	2,972
Total assets	<u>\$ 592,490</u>	<u>\$ 617,437</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand deposits	\$ 151,933	\$ 181,088
Interest-bearing demand, savings and time deposits	353,530	363,424
Total deposits	<u>505,463</u>	<u>544,512</u>
Other short-term borrowings	5,000	-
Allowance for credit losses on off-balance sheet credit exposures	780	955
Other liabilities	2,993	2,148
Total liabilities	<u>514,236</u>	<u>547,615</u>
Shareholders' equity		
Common stock, \$1.25 par	4,476	4,476
Additional paid-in-capital	1,396	1,396
Retained earnings	88,356	82,104
Treasury stock, at cost	(8,471)	(8,471)
Accumulated other comprehensive loss	(7,503)	(9,683)
Total shareholders' equity	<u>78,254</u>	<u>69,822</u>
Total liabilities and shareholders' equity	<u>\$ 592,490</u>	<u>\$ 617,437</u>

SOUTHEASTERN BANKING CORPORATION

Consolidated Statements of Income

(Unaudited, dollars in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest income:				
Interest and fees on loans	\$ 6,325	\$ 4,924	\$ 17,862	\$ 14,196
Interest on investment securities	1,102	1,320	3,688	4,007
Other interest income	297	467	981	2,159
Total interest income	7,724	6,711	22,531	20,362
Interest expense:				
Interest on deposits	981	428	2,369	1,040
Other interest expense	114	-	151	-
Total interest expense	1,095	428	2,520	1,040
Net interest income	6,629	6,283	20,011	19,322
Provision for (recovery of) credit losses:				
Loans	75	-	510	-
Held to maturity investment securities	-	-	7	-
Off-balance sheet credit exposures	(75)	-	(175)	-
Total provision for credit losses	-	-	342	-
Net interest income after provision for credit losses	6,629	6,283	19,669	19,322
Noninterest income:				
Service charges on deposit accounts	214	231	623	713
Net gain on sales/disposition of assets	-	48	8	194
Other noninterest income	582	638	1,952	1,960
Total noninterest income	796	917	2,583	2,867
Noninterest expense:				
Salaries and employees benefits	2,479	2,531	7,580	7,300
Occupancy and equipment, net	845	1,370	2,456	2,764
Net loss on sales/disposition of assets	30	-	30	-
Other noninterest expense	670	721	2,028	2,262
Total noninterest expense	4,024	4,622	12,094	12,326
Income before tax expense	3,401	2,578	10,158	9,863
Income tax expense	690	519	2,111	2,078
Net income	\$ 2,711	\$ 2,059	\$ 8,047	\$ 7,785

SOUTHEASTERN BANKING CORPORATION

Average Balance Sheet and Net Interest Analysis

Three Months Ended September 30,

	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	\$ 379,972	\$ 6,360	6.66%	\$ 337,923	\$ 4,937	5.80%
Investment securities, taxable ²	141,826	999	2.80%	170,699	1,193	2.77%
Investment securities, tax-exempt ^{2,3}	24,295	130	2.13%	25,600	162	2.51%
Other	25,468	297	4.64%	38,704	467	4.79%
Total interest earning assets	571,561	7,786	5.42%	572,926	6,759	4.68%
Noninterest earning assets	15,234			13,108		
Total assets	<u>\$ 586,795</u>			<u>\$ 586,034</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 206,215	\$ 495	0.95%	\$ 215,094	\$ 211	0.39%
Savings	98,503	197	0.80%	106,891	158	0.59%
Time deposits	42,233	289	2.72%	28,243	59	0.83%
Other short-term borrowings	8,174	114	5.55%	-	-	0.00%
Total interest-bearing deposits	355,125	1,095	1.23%	350,228	428	0.48%
Noninterest-bearing liabilities:						
Demand deposits	152,896			168,425		
Other liabilities	3,307			3,289		
Stockholders' equity	75,467			64,092		
Total liabilities and stockholders' equity	<u>\$ 586,795</u>			<u>\$ 586,034</u>		
Interest rate spread			<u>4.19%</u>			<u>4.20%</u>
Net interest income		<u>\$ 6,691</u>			<u>\$ 6,331</u>	
Net interest margin			<u>4.66%</u>			<u>4.38%</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 \$35,000 and \$13,000 for the three months ended September 30, 2024 and 2023, respectively.

² Securities are presented on an amortized cost basis.

³ Tax-equivalent adjustments totaling \$27,000 and \$35,000 for the three months ended September 30, 2024 and 2023, respectively, are included in income on tax-exempt securities.

SOUTHEASTERN BANKING CORPORATION

Average Balance Sheet and Net Interest Analysis

Nine Months Ended September 30,

	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	\$ 368,189	\$ 17,956	6.51%	\$ 333,956	\$ 14,223	5.69%
Investment securities, taxable ²	152,340	3,331	2.92%	174,829	3,625	2.77%
Investment securities, tax-exempt ^{2,3}	25,036	452	2.41%	25,675	484	2.52%
Other	28,792	981	4.55%	63,604	2,159	4.54%
Total interest earning assets	574,357	22,720	5.28%	598,064	20,491	4.58%
Noninterest earning assets	13,701			14,071		
Total assets	<u>\$ 588,058</u>			<u>\$ 612,135</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 217,649	\$ 1,275	0.78%	\$ 229,529	\$ 516	0.30%
Savings	100,533	551	0.73%	109,558	389	0.47%
Time deposits	33,637	543	2.16%	30,631	135	0.59%
Other short-term borrowings	3,620	151	5.57%	-	-	0.00%
Total interest-bearing deposits	355,439	2,520	0.95%	369,718	1,040	0.38%
Noninterest-bearing liabilities:						
Demand deposits	156,967			176,215		
Other liabilities	3,371			2,876		
Stockholders' equity	72,281			63,326		
Total liabilities and stockholders' equity	<u>\$ 588,058</u>			<u>\$ 612,135</u>		
Interest rate spread			<u>4.33%</u>			<u>4.20%</u>
Net interest income		<u>\$ 20,200</u>		<u>\$ 19,451</u>		
Net interest margin			<u>4.70%</u>			<u>4.35%</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 \$94,000 and \$27,000 for the nine months ended September 30, 2024 and 2023, respectively.

² Securities are presented on an amortized cost basis.

³ Tax-equivalent adjustments totaling \$95,000 and \$102,000 for the nine months ended September 30, 2024 and 2023, respectively, are included in income on tax-exempt securities.