

Quarterly Financial Update

For the three months ended December 31, 2014, the Company reported net income of \$6.29 million, a significant increase compared to \$312,000 for the same period in 2013 and \$863,000 for the third quarter of 2014. The results for the quarter were positively impacted by the recapture of the Company's deferred tax assets ("DTA"). In 2010, the Company was required under its accounting standards to write-off its DTA, which then had a balance of \$4.78 million, and forgo its ability to reflect the tax benefits associated with the losses incurred between 2010 and 2012. Now, with the Company reporting profitable results for 2013 and 2014, it became prudent to recognize the tax benefits associated with those losses dating back to 2010. As a result, the Company posted a tax benefit of \$9.55 million at year-end 2014 to recapture the previously disallowed DTA.

Gains, losses and other expenditures associated with the Company's foreclosed properties (called "other real estate owned" or "ORE") continue to impact our earnings results. In 2014, the Company incurred \$3.80 million in valuation write-downs, up from \$928,000 in 2013. The larger write-downs in 2014 resulted from a strategic decision to conservatively write-down the value of various properties held on our books for several years to levels below their current appraised values. During 2014, we sold 30 parcels of ORE with a book value of \$4.23 million for a net gain of \$550,000. This compares to the sale of 29 parcels of ORE with a book value of \$7.32 million for a net gain of \$1.04 million in 2013. The fluctuations in ORE sales results are due to variations in the types of real estate sold and the sporadic nature and timing of sales.

Asset quality levels continued to improve as evidenced by a \$10.41 million (or 33.0%) decline in nonperforming assets during 2014. Nonperforming loans decreased \$4.30 million (or 31.9%) and ORE decreased \$6.11 million (or 33.8%). Net charge-offs increased to \$3.39 million (or 1.94% of average loans) in 2014 from \$2.04 million (or 1.16% of average loans) in 2013. The increase in charge-offs is due to the partial charge-off of the three largest remaining problem loans in our portfolio at the end of 2014. Most of the charge-offs applied to loans on which losses had been previously reserved. During 2014, the Company provided \$1.35 million to the allowance for loan losses, a decline compared to \$1.73 million in 2013 due to improvement in asset quality levels.

Total assets increased \$19.71 million (or 5.3%) in 2014 to end the year at \$389.77 million. The asset growth was funded primarily by a \$10.66 million (or 3.2%) increase in total deposits. Total capital increased \$8.79 million (or 24.7%) due to the earnings results for the year. At December 31, 2014, the Company's book value per share was \$14.20.

(Quarterly Financial Update continued on page 3)



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Key Financial Statistics

(Dollars in thousands except per share data)

As of December 31, 2014:

Total Assets	\$389,767
Total Loans	\$168,814
Total Deposits	\$344,257
Total Equity Capital	\$44,437
Loans-to-Deposits	49.04%
Nonperforming Assets-to-Total Assets	5.42%
Capital-to-Assets	11.40%
Book Value per Share	\$14.20

For the Quarter Ended December 31, 2014:

Net Interest Income	\$2,877
Provision for Loan Losses	\$1,200
Net Income	\$6,293
Net Income per Share	\$2.01
Return on Average Assets	6.42%
Return on Average Equity	63.48%
Net Interest Margin	3.29%

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, 2013. The Company's 2014 Annual Report should be available to shareholders in April 2015.

	Quarter-to-Date					Year-to-Date	
	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
As of and for the periods ended:							
<i>(Dollars in thousands except per share data)</i>							
Summary of Operations:							
Interest income	\$ 3,051	\$ 3,062	\$ 3,107	\$ 3,018	\$ 3,069	\$12,238	\$12,232
Interest expense	174	180	186	184	196	724	882
Net interest income	2,877	2,882	2,921	2,834	2,873	11,514	11,350
Provision for loan losses	1,200	-	-	150	100	1,350	1,725
Noninterest income	645	743	733	1,015	784	3,136	3,139
Noninterest expense	5,582	2,762	3,182	3,400	3,245	14,926	11,632
Net income (loss) before tax	(3,260)	863	472	299	312	(1,626)	1,132
Income tax benefit	9,553	-	-	-	-	9,553	-
Net income	\$ 6,293	\$ 863	\$ 472	\$ 299	\$ 312	\$ 7,927	\$ 1,132
Per Share Ratios:							
Basic and diluted earnings	\$ 2.01	\$ 0.28	\$ 0.15	\$ 0.10	\$ 0.10	\$ 2.53	\$ 0.36
Book value at end of period	14.20	12.06	11.78	11.54	11.39	14.20	11.39
Stock trading price:							
High	9.50	8.05	7.26	7.45	7.75	9.50	9.00
Low	8.00	7.21	6.50	6.69	7.00	6.50	2.05
Profitability Ratios:							
Return on average assets	6.42%	0.89%	0.49%	0.32%	0.34%	2.07%	0.31%
Return on average equity	63.48%	9.12%	5.17%	3.33%	3.44%	21.15%	3.12%
Net interest margin	3.29%	3.34%	3.41%	3.46%	3.50%	3.37%	3.51%
Adjustments to net income to arrive at non-GAAP¹ core operating earnings:							
Net income (loss) before tax	\$(3,260)	\$ 863	\$ 472	\$ 299	\$ 312	\$(1,626)	\$ 1,132
+ Provision for loan losses	1,200	-	-	150	100	1,350	1,725
- Net (gain) loss on investments	125	49	51	(248)	-	(23)	(4)
- Net (gain) loss on sales of assets	14	(16)	-	-	-	(2)	(92)
- Net gain on sales of ORE	(79)	(338)	(102)	(31)	(16)	(550)	(1,042)
+ Write-downs on ORE values	2,879	72	332	519	491	3,802	928
+ Other foreclosed property expenses	9	127	106	83	37	325	541
Core operating earnings (non-GAAP ¹)	\$ 888	\$ 757	\$ 859	\$ 772	\$ 924	\$ 3,276	\$ 3,188

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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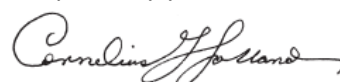
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As of and for the periods ended: <i>(Dollars in thousands)</i>	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013
Selected Quarterly Average Balances:					
Total assets	\$ 389,134	\$ 384,503	\$ 385,540	\$ 375,822	\$ 366,408
Earning assets	352,496	347,921	348,627	337,788	329,078
Loans, net of unearned income	173,661	174,891	173,872	174,731	176,533
Investment securities, at amortized cost	94,274	95,734	96,945	97,547	94,463
Deposits	348,685	345,826	347,899	338,674	329,178
Shareholders' equity	39,328	37,566	36,700	36,320	36,088
Selected Year-to-Date Average Balances:					
Total assets	\$ 383,789	\$ 381,987	\$ 380,708	\$ 375,822	\$ 367,196
Earning assets	346,751	344,815	343,237	337,788	327,181
Loans, net of unearned income	174,287	174,498	174,299	174,731	176,282
Investment securities, at amortized cost	96,115	96,735	97,244	97,547	95,144
Deposits	345,300	344,159	343,312	338,674	328,345
Shareholders' equity	37,487	36,867	36,511	36,320	36,230
Selected Quarter-End Balances:					
Total assets	\$ 389,767	\$ 382,614	\$ 386,453	\$ 382,367	\$ 370,058
Loans, net of unearned income	168,814	175,016	174,440	173,468	176,127
Allowance for loan losses	4,620	6,263	6,450	6,678	6,658
Investment securities, at amortized cost	95,872	94,574	97,182	97,009	92,436
Deposits	344,257	343,675	348,544	345,367	333,598
Shareholders' equity	44,437	37,755	36,859	36,104	35,647
Nonperforming assets:					
Nonperforming loans	\$ 9,176	\$ 11,758	\$ 12,186	\$ 13,049	\$ 13,481
Foreclosed properties	11,954	15,829	17,352	17,816	18,061
Other repossessed assets	-	1	3	-	2
Total nonperforming assets	\$ 21,130	\$ 27,588	\$ 29,541	\$ 30,865	\$ 31,544
Asset Quality Ratios:					
Net charge-offs per quarter (annualized) to quarterly average loans	1.64%	0.42%	0.53%	0.30%	2.59%
Net charge-offs year-to-date (annualized) to YTD average loans	1.94%	0.42%	0.41%	0.30%	1.16%
Nonperforming assets to total assets	5.42%	7.21%	7.64%	8.07%	8.52%
Allowance for loan losses to net loans	2.74%	3.58%	3.70%	3.85%	3.78%
Allowance to nonperforming loans	50.35%	53.27%	52.93%	51.17%	49.39%
Liquidity Ratios:					
Loans, net to total deposits	49.04%	50.92%	50.04%	50.23%	52.80%
Average loans to average earning assets (quarterly)	49.27%	50.27%	49.87%	51.73%	53.64%
Noninterest-bearing deposits to total deposits	21.25%	21.59%	22.41%	21.49%	19.02%
Capital Adequacy Ratios:					
Tier 1 risk-based capital ratio	17.73%	18.39%	18.07%	17.90%	17.39%
Total risk-based capital ratio	18.99%	19.66%	19.35%	19.18%	18.67%
Tier 1 leverage ratio	9.46%	9.94%	9.68%	9.80%	9.97%

Quarterly Financial Update *(continued from page 1)*

2014 was another year of progress for our Company. Returning to a position where we are able to utilize our tax benefits is a significant event. We are also pleased with our core operating results and the ongoing liquidation of nonperforming assets on our balance sheet. Our strong liquidity and capital levels should position us well for earning assets and revenue growth in 2015. We appreciate your continued support.

Respectfully yours,



Cornelius P. Holland III
President & CEO

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Southeastern Bank

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We opened our Brunswick branch in 2007 and despite the ensuing economic recession, have had solid growth in loans and deposits in Brunswick and Glynn County. In recent years, we've added new members to our team that will help us grow even stronger in the Golden Isles!

Brad Brown, Michael Hendrix and Drew Holland are our team members focused on business development in the Brunswick market. Brad joined our team near the end of 2014 and will serve as our Brunswick Market President. Brad has over 25 years of banking experience in Brunswick. Michael Hendrix is a commercial lender that has been with the Bank since 2006 and recently moved his family to St. Simons Island. Drew Holland is a commercial lender that joined the Bank in 2013; he has over 10 years of banking and bank regulatory experience.



Brad Brown, Brunswick Market President

These officers and the rest of our Brunswick team are committed to providing the highest level of customer service and delivering quality banking products that rival larger banks in our market. Come visit us in Brunswick and see why we say: "Bank Local. Bank Smart."



Commercial Lenders: Drew Holland (L) and Michael Hendrix



Our Brunswick Office is located at 15 Trade Street (off Scranton Road, across from Glynn Place Mall), Brunswick, GA 31525. (912) 264-3307

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 Bulletin Board website at www.otcbb.com or on the OTC Markets Group website at www.otcm Markets.com.

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

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.