

# Quarterly Financial Update

# 4th Quarter 2018

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 will be available in April 2019. Until then, the 2017 Annual Report can be viewed online at [www.edocumentview.com/sebc](http://www.edocumentview.com/sebc).

	Quarterly Results					Annual Results	
	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
<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	\$ 4,286	\$ 4,124	\$ 4,086	\$ 3,840	\$ 3,685	\$16,336	\$14,683
Interest expense	219	183	171	179	179	752	680
Net interest income	4,067	3,941	3,915	3,661	3,506	15,584	14,003
Provision for (recovery of) loan losses	-	-	50	70	(450)	120	(550)
Net loss on investments	-	(2)	-	-	-	(2)	(7)
Net gain on sales of bank-owned properties	1,309	84	283	290	14	1,966	657
Other noninterest income	880	854	866	805	825	3,405	3,228
Valuation write-downs on bank-owned properties	553	-	-	68	373	621	382
Other noninterest expense	3,049	2,970	2,926	2,786	2,796	11,731	11,078
Net income before tax	2,654	1,907	2,088	1,832	1,626	8,481	6,971
Income tax <sup>1</sup>	484	381	415	359	2,364	1,639	4,049
Net income (loss)	\$ 2,170	\$ 1,526	\$ 1,673	\$ 1,473	\$ (738)	\$ 6,842	\$ 2,922
<b>Per Share Ratios:</b>							
Basic earnings (loss)	\$ 0.69	\$ 0.49	\$ 0.53	\$ 0.47	\$ (0.24)	\$ 2.19	\$ 0.93
Diluted earnings (loss)	0.69	0.49	0.53	0.47	(0.24)	2.18	0.93
Dividends	0.11	0.11	0.11	0.11	0.10	0.44	0.40
Book value at end of period	17.64	16.76	16.48	16.13	16.15	17.64	16.15
Stock trading price:							
High	21.00	21.25	21.00	20.50	19.80	21.25	19.80
Low	17.50	20.00	19.86	19.75	18.55	17.50	13.30
<b>Profitability Ratios:</b>							
Return on average assets	2.03%	1.44%	1.55%	1.37%	-0.69%	1.60%	0.70%
Return on average equity	16.06%	11.56%	13.14%	11.82%	-5.60%	13.18%	5.72%
Net interest margin	4.11%	4.02%	3.94%	3.69%	3.61%	3.94%	3.66%
<b>Selected Quarter-End Balances:</b>							
Total assets	\$419,571	\$421,575	\$432,973	\$441,695	\$431,048		
Loans, net of unearned income	211,270	208,571	205,429	199,342	195,015		
Allowance for loan losses	3,803	3,685	3,410	3,411	3,293		
Investment securities, at amortized cost	131,679	131,553	131,066	129,480	123,785		
Deposits	363,192	367,607	380,269	390,216	379,046		
Shareholders' equity	55,217	52,455	51,565	50,485	50,543		
Nonperforming assets:							
Nonperforming loans	\$ 1,595	\$ 1,750	\$ 1,741	\$ 1,909	\$ 1,889		
Bank-owned properties	1,858	4,300	4,519	4,748	5,597		
Total nonperforming assets	\$ 3,453	\$ 6,050	\$ 6,260	\$ 6,657	\$ 7,486		
<b>Asset Quality Ratios:</b>							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	-0.22%	-0.53%	0.10%	-0.10%	0.17%		
Nonperforming assets to total assets	0.82%	1.44%	1.45%	1.51%	1.74%		
Allowance for loan losses to net loans	1.80%	1.77%	1.66%	1.71%	1.69%		
Allowance to nonperforming loans	238.44%	210.62%	195.85%	178.63%	174.33%		
<b>Liquidity Ratios:</b>							
Liquid assets to total assets	12.76%	13.63%	16.74%	20.23%	20.12%		
Loans, net to total deposits	58.17%	56.74%	54.02%	51.09%	51.45%		
Average loans to average earning assets (quarterly)	53.72%	52.79%	49.85%	48.50%	50.45%		
Noninterest-bearing deposits to total deposits	27.37%	25.08%	24.90%	25.40%	22.70%		
<b>Capital Adequacy Ratios (consolidated):</b>							
Tier 1 risk-based capital ratio	22.00%	21.28%	20.76%	20.65%	20.40%		
Total risk-based capital ratio	23.26%	22.53%	22.01%	21.90%	21.65%		
Tier 1 leverage ratio	13.09%	12.90%	12.27%	11.86%	11.96%		



<sup>1</sup> Income tax expense for the fourth quarter and full year 2017 includes a \$1.87 million one-time charge for the remeasurement of the Company's deferred tax assets upon the enactment of The Tax Cuts and Jobs Act of 2017 that reduced the corporate income tax rate from 34% to 21%.