

## Southeastern Banking Corporation Reports Fourth Quarter and Full Year 2022 Results



### Declares Quarterly Cash Dividend of \$0.17 Per Share

Darien, Ga. — February 16, 2023 – Southeastern Banking Corporation (OTCBB:SEBC; the “Company”), the parent of Southeastern Bank, today reported financial results for the fourth quarter and full year of 2022. Financial highlights are shown below.

Additionally, the Board of Directors declared a quarterly dividend of \$0.17 per share, to be paid on March 9, 2023, to shareholders of record on March 2, 2023. This dividend amount represents a 6.25% increase over the \$0.16 per share quarterly dividend paid during 2022.

Commenting on the Company’s results, Donald “Jay” Torbert, Jr., President and Chief Executive Officer, said, “We are pleased to report improved profitability and growth for the fourth quarter and record earnings for the full year. Although inflation and rising interest rates have had an impact on economic conditions, housing and labor markets in particular, our asset quality levels have held steady and capital levels continue to strengthen.”

### Earnings

- For the year ended December 31, 2022, net income of \$9.1 million represented an increase of \$1.6 million, or 20.8%, compared to 2021.
- Quarterly net income increased to \$2.8 million (\$0.90 per diluted share) for the fourth quarter of 2022, compared to \$2.6 million (\$0.82 per diluted share) for the third quarter of 2022 and \$1.6 million (\$0.49 per diluted share) for the fourth quarter of 2021. Rising interest rates combined with increased loan production drove an \$860 thousand increase in net interest income compared to the third quarter of 2022, and over \$2.0 million compared to the fourth quarter of 2021.
- Core operating earnings increased to \$3.8 million for the fourth quarter of 2022 compared to \$3.0 million for the third quarter of 2022 and \$1.7 million for the fourth quarter of 2021 (see Quarterly Financial Highlights).
- The Company’s credit card portfolio was sold during the fourth quarter of 2022, resulting in a gain of \$92 thousand.
- Return on average assets for the fourth quarter increased to 1.74%, compared to 1.00% for the fourth quarter of 2021.
- Return on average equity was 19.72% for the fourth quarter versus 9.18% for the fourth quarter of 2021.
- Net interest margin continues to improve in the rising rate environment, totaling 4.07% in the fourth quarter versus 3.52% for the third quarter of 2022 and 3.06% in the fourth quarter of 2021.

### Balance Sheet

- Total assets increased 4.8%, or \$30.7 million, during the fourth quarter to end at \$672.0 million. The quarterly increase resulted largely from seasonal inflows in local government deposits. Since December 31, 2021, assets increased 4.7%, or \$29.9 million.
- Loans, net of unearned income, increased 10.6%, or \$31.3 million, during the fourth quarter to end at \$327.3 million. The quarterly increase in loans was driven by strong loan demand and funding of projects initiated earlier in the year. Loans increased 11.2%, or \$32.9 million, year-over-year.
- Deposits increased 4.7%, or \$27.6 million, during the third quarter to end at \$610.6 million. Deposits increased 6.2%, or \$35.6 million, year-over-year.

## Capital

- During the fourth quarter, capital increased by \$3.3 million due to earnings and variations in interest rates resulting in less unrealized losses on investment securities.
- Capital continues to exceed regulatory thresholds required to be considered “well-capitalized.”
- Consolidated Tier 1 leverage capital ratio was 10.78% as of December 31, 2022, up 36bps during the quarter.
- Book value per share increased to \$18.94 during the quarter from \$17.88.

## Asset Quality

- Asset quality remains stable as of December 31, 2022.
- Nonperforming assets totaled \$1.3 million, or 0.19% of total assets, as of December 31, 2022 compared to \$1.5 million, or 0.24% of total assets at the end of 2021.
- The allowance for loan losses was \$7.2 million, or 2.21% of total loans, at December 31, 2022, compared to \$7.3 million, or 2.48% of total loans, at December 31, 2021.
- Based on credit quality metrics, a provision for loan losses was not necessary for 2022. During 2021, a recovery of \$850,000 was recognized.

## About Southeastern Banking Corporation

*Southeastern Banking Corporation is the bank holding company for Southeastern Bank. Southeastern Bank, established in 1888, has a long history of serving its customers and communities through its 10 locations in coastal Georgia and northeast Florida, including Brunswick, Callahan, Darien, Eulonia, Folkston, Hilliard, Kingsland, Nahunta, Richmond Hill and St. Simons Island. 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.

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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 2022 Annual Report will be available in April 2023. The 2021 Annual Report is available online at [www.edocumentview.com/sebc](http://www.edocumentview.com/sebc).

	Quarterly Results					Year-To-Date Results	
	Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
<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	\$ 6,602	\$ 5,706	\$ 4,904	\$ 4,526	\$ 4,573	\$ 21,737	\$ 17,939
Interest expense	131	96	95	96	96	418	391
Net interest income	6,471	5,610	4,809	4,430	4,477	21,319	17,548
Provision for (recovery of) loan losses	-	-	-	-	-	-	(850)
Other noninterest income	1,017	1,206	1,016	1,002	1,302	4,241	4,284
Other noninterest expense	3,657	3,700	3,417	3,256	3,703	14,029	13,229
Net income before taxes	3,831	3,116	2,408	2,176	2,076	11,531	9,453
Income taxes	982	522	508	455	517	2,467	1,951
Net income	\$ 2,849	\$ 2,594	\$ 1,900	\$ 1,721	\$ 1,559	\$ 9,064	\$ 7,502
<b>Core Operating Earnings<sup>1</sup>:</b>							
Net income before taxes	\$ 3,831	\$ 3,116	\$ 2,408	\$ 2,176	\$ 2,076	\$ 11,531	\$ 9,453
- Paycheck Protection Program loan fees	(3)	-	(29)	(122)	(238)	(154)	(1,352)
+ Provision for (recovery of) loan losses	-	-	-	-	-	-	(850)
- Net gain on sales of Bank-owned properties	-	(272)	-	(46)	(335)	(318)	(430)
- Net gain on sales of other assets	(92)	-	-	-	-	(92)	-
+ Valuation write-downs on bank-owned properties	-	-	-	-	90	-	90
+ Net noninterest expense for bank-owned properties	4	12	6	6	4	28	50
+ Donations related to specific community support initiatives	50	110	-	-	110	160	110
=Core operating earnings <sup>1</sup>	\$ 3,790	\$ 2,966	\$ 2,385	\$ 2,014	\$ 1,707	\$ 11,155	\$ 7,071
<b>Per Share Ratios:</b>							
Diluted earnings	\$ 0.90	\$ 0.82	\$ 0.60	\$ 0.55	\$ 0.49	\$ 2.87	\$ 2.38
Dividends	0.16	0.16	0.16	0.16	1.16	0.64	1.63
Book value at end of period	18.94	17.88	18.70	19.60	20.88	18.94	20.88
<b>Profitability Ratios:</b>							
Return on average assets	1.74%	1.56%	1.16%	1.07%	1.00%	1.39%	1.28%
Return on average equity	19.72%	16.91%	12.58%	10.72%	9.18%	14.87%	11.17%
Net interest margin	4.07%	3.52%	3.10%	2.94%	3.06%	3.41%	3.20%
<b>Selected Quarter-End Balances:</b>							
Total assets	\$ 672,017	\$ 641,332	\$ 660,359	\$ 649,883	\$ 642,105		
Loans, net of unearned income	327,346	296,022	286,107	294,165	294,439		
Allowance for loan losses	7,239	7,272	7,292	7,301	7,288		
Investment securities, at amortized cost	206,413	205,595	188,089	180,849	164,377		
Deposits	610,597	583,037	600,017	586,663	575,028		
Shareholders' equity	59,675	56,348	58,902	61,745	65,796		
Nonperforming assets:							
Nonperforming loans	\$ 1,026	\$ 1,122	\$ 971	\$ 856	\$ 864		
Bank-owned properties	271	242	531	531	679		
Total nonperforming assets	\$ 1,297	\$ 1,364	\$ 1,502	\$ 1,387	\$ 1,543		
<b>Asset Quality Ratios:</b>							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	0.04%	0.03%	0.01%	-0.02%	0.02%		
Nonperforming assets to total assets	0.19%	0.21%	0.23%	0.21%	0.24%		
Allowance for loan losses to net loans	2.21%	2.46%	2.55%	2.48%	2.48%		
<b>Liquidity and Capital Ratios:</b>							
Liquid assets to total assets	19.50%	20.73%	26.45%	24.51%	25.27%		
Loans, net to total deposits	53.61%	50.77%	47.68%	50.14%	51.20%		
Average loans to average earning assets (quarterly)	49.50%	45.78%	46.13%	47.80%	49.51%		
Tier 1 leverage capital ratio	10.78%	10.42%	10.22%	10.15%	10.56%		



<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

	December 31, 2022 <i>(Unaudited)</i>	December 31, 2021 <i>(Audited)</i>
<i>(Dollars in thousands)</i>		
<b>ASSETS</b>		
Cash and due from banks	\$ 24,288	\$ 16,434
Interest-bearing deposits in other banks	95,410	142,573
Federal funds sold	11,358	3,258
Cash and cash equivalents	<u>131,056</u>	<u>162,265</u>
Investment securities:		
Available for sale, at fair value	146,294	124,433
Held to maturity (fair value of \$38,024 and \$41,089)	44,285	40,785
Loans, gross	327,388	294,643
Unearned income	(42)	(204)
Allowance for loan losses	(7,239)	(7,288)
Net loans	<u>320,107</u>	<u>287,151</u>
Premises and equipment, net	9,993	10,616
Bank-owned life insurance, at cash surrender value	12,091	11,730
Other real estate	266	677
Deferred tax assets, net	5,208	1,953
Other assets	<u>2,717</u>	<u>2,495</u>
Total assets	<u>\$ 672,017</u>	<u>\$ 642,105</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits:		
Noninterest-bearing demand deposits	\$ 179,872	\$ 162,458
Interest-bearing demand, savings and time deposits	430,725	412,570
Total deposits	<u>610,597</u>	<u>575,028</u>
Other liabilities	1,745	1,280
Total liabilities	<u>612,342</u>	<u>576,308</u>
Shareholders' equity		
Common stock, \$1.25 par	4,476	4,476
Additional paid-in-capital	1,396	1,396
Retained earnings	74,716	67,669
Treasury stock, at cost	(8,471)	(8,471)
Accumulated other comprehensive income (loss)	(12,442)	727
Total shareholders' equity	<u>59,675</u>	<u>65,797</u>
Total liabilities and shareholders' equity	<u>\$ 672,017</u>	<u>\$ 642,105</u>

# SOUTHEASTERN BANKING CORPORATION

## Consolidated Statements of Income

(Unaudited, Dollars in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>Interest income:</b>				
Interest and fees on loans	\$ 4,215	\$ 3,809	\$ 15,342	\$ 15,056
Interest on investment securities	1,333	713	4,141	2,714
Other interest income	1,054	51	2,254	169
Total interest income	6,602	4,573	21,737	17,939
<b>Interest expense:</b>				
Interest on deposits	131	96	418	391
Other interest expense	-	-	-	-
Total interest expense	131	96	418	391
Net interest income	6,471	4,477	21,319	17,548
<b>Provision for (recovery of) loan losses</b>	-	-	-	(850)
Net interest income after provision for (recovery of) loan losses	6,471	4,477	21,319	18,398
<b>Noninterest income:</b>				
Service charges on deposit accounts	265	254	1,039	950
Net gain on sales of assets	92	335	410	430
Other noninterest income	660	713	2,792	2,904
Total noninterest income	1,017	1,302	4,241	4,284
<b>Noninterest expense:</b>				
Salaries and employees benefits	2,256	2,108	8,532	7,879
Occupancy and equipment, net	637	743	2,679	2,737
Other noninterest expense	764	852	2,818	2,613
Total noninterest expense	3,657	3,703	14,029	13,229
Income before tax expense	3,831	2,076	11,531	9,453
<b>Income tax expense</b>	982	517	2,467	1,951
<b>Net income</b>	\$ 2,849	\$ 1,559	\$ 9,064	\$ 7,502

# SOUTHEASTERN BANKING CORPORATION

## Average Balance Sheet and Net Interest Analysis

Three Months Ended December 31,

	2022			2021		
	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>	\$ 314,501	\$ 4,221	5.32%	\$ 289,612	\$ 3,816	5.23%
Investment securities, taxable <sup>2</sup>	182,340	1,206	2.62%	136,079	613	1.79%
Investment securities, tax-exempt <sup>2,3</sup>	25,836	161	2.47%	21,979	122	2.20%
Other	112,635	1,054	3.71%	137,228	51	0.15%
Total interest earning assets	635,312	6,642	4.15%	584,898	4,602	3.12%
Noninterest earning assets	16,176			32,111		
Total assets	<u>\$ 651,488</u>			<u>\$ 617,009</u>		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 252,074	\$ 54	0.08%	\$ 242,776	\$ 33	0.05%
Savings	117,465	49	0.17%	102,211	26	0.10%
Time deposits	36,500	28	0.30%	39,824	37	0.37%
Total interest-bearing deposits	406,039	131	0.13%	384,811	96	0.10%
Noninterest-bearing liabilities:						
Demand deposits	185,902			163,539		
Other liabilities	2,222			1,329		
Stockholders' equity	57,325			67,330		
Total liabilities and stockholders' equity	<u>\$ 651,488</u>			<u>\$ 617,009</u>		
Interest rate spread			<u>4.02%</u>			<u>3.02%</u>
Net interest income		<u>\$ 6,511</u>		<u>\$ 4,506</u>		
Net interest margin			<u>4.07%</u>			<u>3.06%</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 \$6,000 and \$7,000 for the three months ended December 31, 2022 and 2021, respectively.

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

<sup>3</sup> Tax-equivalent adjustments totaling \$34,000 and \$22,000 for the three months ended December 31, 2022 and 2021, respectively, are included in income on tax-exempt securities.

# SOUTHEASTERN BANKING CORPORATION

## Average Balance Sheet and Net Interest Analysis

Twelve Months Ended December 31,

	2022			2021		
	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>	\$ 297,439	\$ 15,367	5.17%	\$ 275,989	\$ 15,084	5.47%
Investment securities, taxable <sup>2</sup>	167,019	3,684	2.21%	126,224	2,288	1.81%
Investment securities, tax-exempt <sup>2,3</sup>	24,443	577	2.36%	20,836	539	2.59%
Other	139,899	2,254	1.61%	129,184	168	0.13%
Total interest earning assets	628,800	21,882	3.48%	552,233	18,079	3.27%
Noninterest earning assets	25,423			32,233		
Total assets	<u>\$ 654,223</u>			<u>\$ 584,466</u>		
<b>Liabilities and Stockholders' Equity</b>						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 260,501	\$ 157	0.06%	\$ 228,380	\$ 124	0.05%
Savings	112,224	134	0.12%	92,972	96	0.10%
Time deposits	38,851	127	0.33%	39,637	171	0.43%
Total interest-bearing deposits	411,576	418	0.10%	360,989	391	0.11%
Noninterest-bearing liabilities:						
Demand deposits	179,904			155,149		
Other liabilities	1,802			1,175		
Stockholders' equity	60,941			67,153		
Total liabilities and stockholders' equity	<u>\$ 654,223</u>			<u>\$ 584,466</u>		
Interest rate spread			<u>3.38%</u>			<u>3.16%</u>
Net interest income		<u>\$ 21,464</u>			<u>\$ 17,688</u>	
Net interest margin			<u>3.41%</u>			<u>3.20%</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 \$25,000 and \$28,000 for the twelve months ended December 31, 2022 and 2021, respectively.

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

<sup>3</sup> Tax-equivalent adjustments totaling \$120,000 and \$113,000 for the twelve months ended December 31, 2022 and 2021, respectively, are included in income on tax-exempt securities.