

Southeastern Banking Corporation Reports Fourth Quarter and Record Full Year 2024 Results



Declares Quarterly Cash Dividend of \$0.21 Per Share

Darien, GA — February 20, 2025 – Southeastern Banking Corporation (OTCPINK:SEBC), the “Company”, the parent of Southeastern Bank, the “Bank”, today reported financial results for the fourth quarter and full year of 2024. Financial highlights are shown below.

Additionally, the Board of Directors declared a quarterly dividend of \$0.21 per share, to be paid March 13, 2025, to shareholders of record on March 6, 2025. This is a penny per share increase from the prior quarterly dividend and represents a 26% payout of fourth quarter earnings. As previously announced, a special dividend of \$1.00 per share was declared and paid during December 2024.

Commenting on the Company’s results, Donald “Jay” Torbert, Jr., President and Chief Executive Officer, said, “2024 proved to be another exceptional year for the Bank. Our dedicated team delivered record earnings for a third consecutive year driven by strong loan production with very few asset quality concerns and a stable, core deposit customer base. The outlook for a positive operating environment remains given ongoing economic development and jobs growth in some of our communities. However, expectations for a fourth consecutive year of record earnings should be tempered by a continued rise in funding and operating costs.”

Earnings

- For the year ended December 31, 2024, we posted net income of \$10.6 million, an increase of \$45 thousand, or 0.4%, compared to 2023.
- Net income was \$2.6 million (or \$0.81 per share) for the fourth quarter of 2024, compared to \$2.7 million (or \$0.86 per share) for the third quarter of 2024 and \$2.8 million (or \$0.89 per share) for the fourth quarter of 2023. Net interest income was enhanced during the quarter by the payoff of a previously charged-off loan which resulted in recognition of \$143 thousand in interest income. Noninterest income improved during the quarter largely due to an increase in mortgage origination volume. Noninterest expense, excluding losses, increased as compared to the fourth quarter of 2023 due largely to increases in salaries and benefits.
- Core operating earnings for the fourth quarter totaled \$3.5 million compared to \$3.5 million for the third quarter and \$3.6 million for the fourth quarter of 2023. Core operating earnings for the year totaled \$14.2 million, virtually unchanged from the 2023 level.
- Considering the aforementioned additional interest income, we liquidated a portion of our bond portfolio during the fourth quarter. A loss of \$125 thousand was realized on sales of investment securities with a total book value of \$4.1 million and tax equivalent yield of 3.02%, with funding alternatives providing for an estimated earn-back period of less than one year.
- The return on average assets for the fourth quarter of 2024 was 1.74%, compared to 1.84% for the third quarter and 1.90% for the fourth quarter of 2023. The return on average assets for the year was 1.80% compared to 1.75% for 2023.
- The return on average equity was 13.25% versus 14.30% for the third quarter and 17.43% for the fourth quarter of 2023. For the year, return on average equity was 14.45% compared to 16.69% for 2023. While earnings levels have remained consistent, capital levels increased.
- Our net interest margin was 4.70% in the fourth quarter, an increase compared to 4.66% for the third quarter and 4.44% for the fourth quarter of 2023. Net interest margin for the year was 4.70%, an increase of 33bps from 2023.

Balance Sheet

- Total assets increased 1.6%, or \$9.5 million, during the fourth quarter to end at \$602.0 million. Net deposit inflows were partially offset by pay-downs of short-term borrowings. Over the last twelve months total assets declined by 2.5%, or \$15.5 million.
- Deposits grew 3.4%, or \$17.3 million, during the fourth quarter to end at \$522.7 million. Year-over-year, deposits declined 4.0%, or \$21.8 million. Deposits of governmental entities increased \$18.3 million during the fourth quarter but declined \$26.1 million year-over-year.

- Loans increased by 0.2%, or \$610 thousand, during the fourth quarter to end at \$386.1 million. Year-over-year, loans grew 10.8%, or \$37.7 million.
- Total loan production through commercial and retail lending activities was \$30.0 million during the fourth quarter, down from \$36.7 million in the third quarter but up from \$29.1 million during the fourth quarter of 2023. Total 2024 production of \$156.3 million was 19.6% greater than 2023 annual production.

Capital

- Capital continues to exceed regulatory thresholds required to be considered “well-capitalized.”
- Consolidated Tier 1 leverage capital ratio was 14.00% at December 31, 2024, down 32bps during the quarter but up 121bps over the last twelve months.
- The Bank’s Tier 1 leverage capital ratio was 12.58% at December 31, 2024.
- Book value per share was \$23.45 at December 31, 2024, a \$1.29 increase over the last twelve months.

Asset Quality

- Asset quality remained stable throughout the fourth quarter.
- Nonperforming assets were \$1.2 million, or 0.20% of total assets, at December 31, 2024, reflecting declines during both the fourth quarter and from one year ago.
- The allowance for credit losses related to loans aggregated \$8.2 million, or 2.11% of total loans, at December 31, 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 fourth 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,” “should” 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 2024 Annual Report will be available in April 2025. The 2023 Annual Report is available online at www.edocumentview.com/sebc.

	Quarterly Results					Year-To-Date Results	
	Dec. 31, 2024	Sep. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
As of and for the periods ended:							
<i>(Dollars in thousands except per share data)</i>							
Summary of Operations:							
Interest income	\$ 7,833	\$ 7,724	\$ 7,450	\$ 7,357	\$ 6,954	\$ 30,364	\$ 27,316
Interest expense	1,101	1,095	840	585	553	3,621	1,593
Net interest income	6,732	6,629	6,610	6,772	6,401	26,743	25,723
Provision for credit losses	-	-	237	105	-	342	-
Other noninterest income	871	796	863	926	1,950	3,454	4,817
Other noninterest expense	4,236	4,024	4,083	3,989	4,771	16,330	17,097
Net income before taxes	3,367	3,401	3,153	3,604	3,580	13,525	13,443
Income taxes	779	690	637	784	777	2,890	2,855
Net income	\$ 2,588	\$ 2,711	\$ 2,516	\$ 2,820	\$ 2,803	\$ 10,635	\$ 10,588
Core Operating Earnings¹:							
Net income before taxes	\$ 3,367	\$ 3,401	\$ 3,153	\$ 3,604	\$ 3,580	\$ 13,525	\$ 13,443
+ Provision for credit losses	-	-	237	105	-	342	-
+ Net loss on sales of investment securities	125	30	-	-	1,024	155	1,024
- Net gain on sales/disposition of assets	-	-	2	(10)	(1,068)	(8)	(1,262)
+ Net noninterest expense for bank-owned properties	(6)	3	3	3	3	3	26
+ Nonrecurring costs of system migration	-	-	-	-	10	-	755
+ Donations related to specific community support initiatives	55	20	100	-	50	175	210
=Core operating earnings ¹	\$ 3,541	\$ 3,454	\$ 3,495	\$ 3,702	\$ 3,599	\$ 14,192	\$ 14,196
Per Share Ratios:							
Diluted earnings	\$ 0.81	\$ 0.86	\$ 0.80	\$ 0.90	\$ 0.89	\$ 3.37	\$ 3.36
Dividends	1.20	0.19	0.19	0.19	0.18	1.77	0.70
Book value at end of period	23.45	24.84	23.24	22.51	22.16	23.45	22.16
Profitability Ratios:							
Return on average assets	1.74%	1.84%	1.73%	1.91%	1.90%	1.80%	1.75%
Return on average equity	13.25%	14.30%	14.19%	16.19%	17.43%	14.45%	16.69%
Net interest margin	4.70%	4.66%	4.69%	4.74%	4.44%	4.70%	4.37%
Selected Quarter-End Balances:							
Total assets	\$ 601,959	\$ 592,490	\$ 595,121	\$ 605,157	\$ 617,437		
Loans, net of unearned income	386,064	385,454	378,825	359,791	348,333		
Allowance for credit losses (loans)	8,165	8,159	7,954	7,743	7,561		
Investment securities, at amortized cost	140,040	155,539	176,636	183,421	188,872		
Deposits	522,744	505,464	500,842	530,760	544,512		
Shareholders' equity	74,563	78,253	73,236	70,922	69,822		
Nonperforming assets:							
Nonperforming loans	\$ 1,162	\$ 1,340	\$ 1,106	\$ 1,238	\$ 2,078		
Bank-owned properties	50	50	50	40	40		
Total nonperforming assets	\$ 1,212	\$ 1,390	\$ 1,156	\$ 1,278	\$ 2,118		
Asset Quality Ratios:							
Annualized net charge-offs (recoveries) per quarter to quarterly average loans	-0.01%	-0.14%	0.02%	0.03%	0.04%		
Nonperforming assets to total assets	0.20%	0.23%	0.19%	0.21%	0.34%		
Allowance for credit losses (loans) to net loans	2.11%	2.12%	2.10%	2.15%	2.17%		
Liquidity and Capital Ratios:							
Liquid assets (excl. securities) to total assets	10.77%	6.36%	4.88%	8.73%	11.31%		
Loans, net to total deposits	73.85%	76.26%	75.64%	67.79%	63.97%		
Average loans to average earning assets (quarterly)	67.28%	66.48%	64.44%	61.42%	60.25%		
Tier 1 leverage capital ratio	14.00%	14.32%	13.97%	13.46%	12.79%		



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

	December 31, 2024	December 31, 2023
	<i>(Unaudited)</i>	<i>(Audited)</i>
<i>(Dollars in thousands)</i>		
ASSETS		
Cash and due from banks	\$ 6,011	\$ 5,357
Interest-bearing deposits in other banks	55,130	57,184
Federal funds sold	3,697	7,280
Cash and cash equivalents	<u>64,838</u>	<u>69,821</u>
Investment securities:		
Available for sale, at fair value (amortized cost of \$98,938 and \$146,882)	86,237	134,557
Held to maturity, net of allowance for credit losses of \$15 and \$8 (fair value of \$35,632 and \$37,161)	41,087	41,982
Loans, gross	386,095	348,366
Unearned income	(31)	(33)
Allowance for credit losses	(8,165)	(7,561)
Net loans	<u>377,899</u>	<u>340,772</u>
Premises and equipment, net	11,415	10,252
Bank-owned life insurance, at cash surrender value	12,906	12,480
Other real estate	50	40
Deferred tax assets, net	4,765	4,561
Other assets	2,762	2,972
Total assets	<u>\$ 601,959</u>	<u>\$ 617,437</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand deposits	\$ 147,936	\$ 181,088
Interest-bearing demand, savings and time deposits	374,808	363,424
Total deposits	<u>522,744</u>	<u>544,512</u>
Other short-term borrowings	-	-
Allowance for credit losses on off-balance sheet credit exposures	780	955
Other liabilities	3,873	2,148
Total liabilities	<u>527,397</u>	<u>547,615</u>
Shareholders' equity		
Common stock, \$1.25 par	4,476	4,476
Additional paid-in-capital	855	1,396
Retained earnings	87,128	82,104
Treasury stock, at cost	(7,900)	(8,471)
Accumulated other comprehensive loss	(9,997)	(9,683)
Total shareholders' equity	<u>74,562</u>	<u>69,822</u>
Total liabilities and shareholders' equity	<u>\$ 601,959</u>	<u>\$ 617,437</u>

SOUTHEASTERN BANKING CORPORATION

Consolidated Statements of Income

(Unaudited, dollars in thousands)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
Interest income:				
Interest and fees on loans	\$ 6,501	\$ 5,183	\$ 24,363	\$ 19,379
Interest on investment securities	953	1,324	4,641	5,331
Other interest income	379	447	1,360	2,606
Total interest income	7,833	6,954	30,364	27,316
Interest expense:				
Interest on deposits	1,100	553	3,469	1,593
Other interest expense	1	-	152	-
Total interest expense	1,101	553	3,621	1,593
Net interest income	6,732	6,401	26,743	25,723
Provision for (recovery of) credit losses:				
Investment securities held to maturity	-	-	7	-
Loans	-	-	510	-
Off-balance sheet credit exposures	-	-	(175)	-
Total provision for credit losses	-	-	342	-
Net interest income after provision for credit losses	6,732	6,401	26,401	25,723
Noninterest income:				
Service charges on deposit accounts	216	219	839	932
Net gain on sales/disposition of assets	-	1,068	8	1,262
Other noninterest income	655	663	2,607	2,623
Total noninterest income	871	1,950	3,454	4,817
Noninterest expense:				
Salaries and employees benefits	2,537	2,351	10,117	9,651
Occupancy and equipment, net	864	737	3,320	3,501
Net loss on sales of investment securities	125	1,024	155	1,024
Other noninterest expense	710	659	2,738	2,921
Total noninterest expense	4,236	4,771	16,330	17,097
Income before tax expense	3,367	3,580	13,525	13,443
Income tax expense	779	777	2,890	2,855
Net income	\$ 2,588	\$ 2,803	\$ 10,635	\$ 10,588

SOUTHEASTERN BANKING CORPORATION

Average Balance Sheet and Net Interest Analysis

Three Months Ended December 31,

	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	\$ 387,499	\$ 6,544	6.72%	\$ 346,526	\$ 5,196	5.95%
Investment securities, taxable ²	127,834	842	2.62%	165,194	1,221	2.93%
Investment securities, tax-exempt ^{2,3}	22,918	141	2.45%	25,526	131	2.04%
Other	37,739	379	4.00%	37,874	447	4.68%
Total interest earning assets	575,990	7,906	5.46%	575,120	6,995	4.83%
Noninterest earning assets	16,736			10,227		
Total assets	<u>\$ 592,726</u>			<u>\$ 585,347</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 211,014	\$ 563	1.06%	\$ 219,676	\$ 315	0.57%
Savings	98,783	197	0.79%	105,472	164	0.62%
Time deposits	48,221	340	2.81%	27,554	74	1.07%
Other short-term borrowings	54	1	5.19%	-	-	0.00%
Total interest-bearing deposits	358,072	1,101	1.22%	352,702	553	0.62%
Noninterest-bearing liabilities:						
Demand deposits	152,855			165,544		
Other liabilities	4,095			3,298		
Stockholders' equity	77,704			63,803		
Total liabilities and stockholders' equity	<u>\$ 592,726</u>			<u>\$ 585,347</u>		
Interest rate spread			<u>4.24%</u>			<u>4.21%</u>
Net interest income		<u>\$ 6,805</u>		<u>\$ 6,442</u>		
Net interest margin			<u>4.70%</u>			<u>4.44%</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 \$43,000 and \$13,000 for the three months ended December 31, 2024 and 2023, respectively.

² Securities are presented on an amortized cost basis.

³ Tax-equivalent adjustments totaling \$30,000 and \$28,000 for the three months ended December 31, 2024 and 2023, respectively, are included in income on tax-exempt securities.

SOUTHEASTERN BANKING CORPORATION

Average Balance Sheet and Net Interest Analysis

Twelve Months Ended December 31,

	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	\$ 373,043	\$ 24,499	6.57%	\$ 337,124	\$ 19,419	5.76%
Investment securities, taxable ²	146,180	4,173	2.85%	172,401	4,846	2.81%
Investment securities, tax-exempt ^{2,3}	24,504	592	2.42%	25,637	614	2.39%
Other	31,057	1,360	4.38%	57,250	2,606	4.55%
Total interest earning assets	574,784	30,624	5.33%	592,412	27,485	4.64%
Noninterest earning assets	14,463			13,068		
Total assets	<u>\$ 589,247</u>			<u>\$ 605,480</u>		
Liabilities and Stockholders' Equity						
Interest-bearing liabilities:						
Interest-bearing demand	\$ 216,052	\$ 1,838	0.85%	\$ 227,170	\$ 832	0.37%
Savings	100,092	748	0.75%	108,529	553	0.51%
Time deposits	37,303	883	2.37%	29,856	208	0.70%
Other short-term borrowings	2,724	152	5.58%	-	-	0.00%
Total interest-bearing deposits	356,171	3,621	1.02%	365,555	1,593	0.44%
Noninterest-bearing liabilities:						
Demand deposits	155,934			173,526		
Other liabilities	3,546			2,956		
Stockholders' equity	73,596			63,443		
Total liabilities and stockholders' equity	<u>\$ 589,247</u>			<u>\$ 605,480</u>		
Interest rate spread			<u>4.31%</u>			<u>4.20%</u>
Net interest income		<u>\$ 27,003</u>			<u>\$ 25,892</u>	
Net interest margin			<u>4.70%</u>			<u>4.37%</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 \$136,000 and \$40,000 for the twelve months ended December 31, 2024 and 2023, respectively.

² Securities are presented on an amortized cost basis.

³ Tax-equivalent adjustments totaling \$124,000 and \$129,000 for the twelve months ended December 31, 2024 and 2023, respectively, are included in income on tax-exempt securities.