

**SOUTHEASTERN BANKING CORPORATION
AND SOUTHEASTERN BANK**

AUDIT COMMITTEE CHARTER

Committee's Purpose

The joint Audit Committee (Committee) of the Company and Southeastern Bank is appointed by the Board of Directors (Board) to assist the Board in monitoring (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, (4) performance of the Company's internal and independent auditors, and (5) the Company's business practices and ethical standards. The Committee is also directly responsible for the appointment, compensation, retention, and oversight of the work of the Company's independent auditors. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are presented fairly in all material respects in accordance with generally accepted accounting principles. These are the responsibility of management and the independent auditor.

Committee Membership

Independence. The Committee shall consist of three or more independent members of the Board of Directors of the Company or Southeastern Bank. Independence shall be determined as to each member by the full Board. To be considered independent, each Committee member must meet the independence requirements as defined by regulation and the Board.

Financial Literacy. All members of the Committee shall be financially literate as defined by regulation and the Board, or must become financially literate within a reasonable period of time after their appointment to the Committee, and at least one member of the Committee shall be designated as an audit committee financial expert, as determined in the judgment of the Board.

Committee Composition

The members of the Committee shall be nominated and elected by the Board at its annual organizational meeting and shall serve until their successors shall be duly elected and qualified.

Chairman & Vice Chairman. Unless elected by the full Board, the members of the Committee shall designate a Chair and Vice Chair by majority vote of all the Committee members.

Meetings

The Committee shall meet at least four times annually or more frequently as circumstances dictate. Meetings may be in person or by telephone as needed to conduct the business of the Committee. The Committee may take action by the unanimous written consent of the members in the absence of a meeting. The Committee shall meet periodically with management, the internal auditors, and the independent auditor in separate executive sessions.

Authority of the Committee

The Audit Committee shall have the authority to (1) exercise all powers with respect to the appointment, compensation, retention, and oversight of the work of the independent auditor for the Company and its subsidiaries related to its December 31st consolidated financial statements and footnotes, (2) retain special legal, accounting, or other consultants to advise the Committee, and (3) approve funds to pay the fees for such advisors. As part of its oversight role, the Committee may investigate any matter brought to its attention, with the full power to retain outside counsel or other experts for this purpose. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any member of, or consultant to, the Committee.

Because one of the preconditions for an audit is to obtain representations from management acknowledging their responsibilities related to the preparation of the financial statements, establishing and maintaining of internal controls, implementing programs and controls to prevent and detect fraud and for adjusting financial statements to correct material misstatements, the Audit Committee will also require the senior management group that is responsible for signing the year end audit representation letter to also sign the engagement letter acknowledging and agreeing to their responsibilities.

Responsibilities

The Audit Committee shall:

Financial Statement and Disclosure Matters

1. Review and discuss prior to public dissemination the annual audited financial statements with management and the independent auditor, including major issues regarding accounting, disclosure, and auditing procedures and practices as well as the adequacy of internal controls that could materially affect the Company's financial statements.
2. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls, and any special procedures adopted in light of material control deficiencies.
3. Review and discuss reports from the independent auditors on:
 - A. All critical accounting policies and practices used.
 - B. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramification of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - C. Other material written communications between the independent auditor and management, such as any management letter.
4. Discuss with management and the independent auditor the effect on the Company's financial statements of significant regulatory and accounting initiatives as well as off-balance sheet structures.
5. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

6. Review with the independent auditor any audit problems or difficulties and management's response, including, but not limited to (1) any restrictions on the scope of the auditor's activities, (2) any restrictions on the independent auditor's access to requested materials, (3) any significant disagreements with management, and (4) any audit differences that were noted or proposed by the auditor but for which the Company's financial statements were not adjusted (as immaterial or otherwise). The Committee will resolve any disagreements between the auditors and management regarding financial reporting.
7. Discuss at least annually with the independent auditor the matters required to be discussed by Statement of Auditing Standards No. 114 – The Auditors Communication with Those Charged with Governance.
8. Obtain annual assurances from the senior internal auditor and management that the system of internal controls is adequate and effective.

Responsibility for the Company's Relationship with the Independent Auditor

9. Be solely responsible for the appointment, compensation, retention, and oversight of the work of the independent auditors employed by the Company. The independent auditor shall report directly to the Audit Committee. If the appointment of the independent auditors is submitted for any ratification by stockholders, the Audit Committee shall be responsible for making the recommendation of the independent auditors.
10. Review, at least annually, the qualifications, performance, and independence of the independent auditor. In conducting such review, the Committee shall obtain and review a report by the independent auditor describing (1) the firm's internal quality-control procedures, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm or by any formal investigation by governmental or professional authorities regarding services provided by the firm which could affect the financial statements of the Company, and any steps taken to deal with any such issues, and (3) all relationships between the independent auditor and the Company that could be considered to bear on the auditor's independence.
11. Approve in advance any audit or permissible non-audit engagement or relationship between the Company and the independent auditors. The Committee shall establish guidelines for the retention of the independent auditor for any permissible non-audit services. The Committee hereby delegates to the Chairman of the Committee the authority to approve in advance all audit or non-audit services to be provided by the independent auditor if presented to the full Committee at the next regularly scheduled meeting.
12. Review the engagement letter and management letter comments of the independent auditor.

Oversight of the Company's Internal Audit Function

13. Review the appointment of the senior internal auditor and any outsourced third party group that may assist with internal audit.
14. Review the activities and organizational structure of the internal audit department and the significant reports to management prepared by the internal audit department or any third party reports and management's responses.
15. Discuss with the independent auditor and management the internal audit department responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit department.

Compliance Oversight Responsibility

16. Obtain reports from management and the Company's senior internal auditor that the Company is in conformity with applicable legal requirements and the Company's Code of Ethics. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics.
17. Promote and support the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting, internal controls, or auditing matters.
18. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
19. Review at least annually with the Company's counsel any legal matters that could have a significant impact on the financial statements, compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.

Other

20. Report regularly to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, or the performance of the internal audit department.
21. Review and reassess the adequacy of this Charter annually and recommend changes to the Board for approval.
22. Perform a biennial performance evaluation of the Committee.
23. Perform any other activities consistent with this Charter, the Company's by-laws, and governing law, as the Committee or the Board deems necessary or appropriate.