

SOUTHEASTERN BANKING CORP

Form 10-Q

November 22, 2004

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2004

Commission File Number 2-83157

SOUTHEASTERN BANKING CORPORATION

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

58-1423423
(IRS Employer
Identification No.)

P. O. Box 455, 1010 Northway, Darien, Georgia 31305

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(Address of principal executive offices) (Zip Code)

(912) 437-4141

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 31, 2004, 3,304,149 shares of the registrant's common stock, par value \$1.25 per share, were outstanding.

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	(Unaudited)	
	September 30, 2004	December 31, 2003
	<u> </u>	<u> </u>
Assets		
Cash and due from banks	\$ 19,304,285	\$ 15,951,941
Federal funds sold		10,454,000
	<u> </u>	<u> </u>
Cash and cash equivalents	19,304,285	26,405,941
Investment securities		
Held-to-maturity (market value of approximately \$39,387,000 and \$39,677,000 at September 30, 2004 and December 31, 2003)	37,265,033	37,416,385
Available-for-sale, at market value	92,215,006	94,342,665
	<u> </u>	<u> </u>
Total investment securities	129,480,039	131,759,050
Loans, gross	219,988,565	205,896,094
Unearned income	(219,476)	(215,715)
Allowance for loan losses	(4,104,394)	(3,832,651)
	<u> </u>	<u> </u>
Loans, net	215,664,695	201,847,728
Premises and equipment, net	9,048,885	8,933,755
Intangible assets	637,471	702,798
Other assets	4,705,784	4,718,462
	<u> </u>	<u> </u>
Total Assets	\$ 378,841,159	\$ 374,367,734
	<u> </u>	<u> </u>
Liabilities and Shareholders Equity		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 66,960,482	\$ 58,953,522
Interest-bearing deposits	252,092,661	258,009,970
	<u> </u>	<u> </u>
Total deposits	319,053,143	316,963,492
Federal funds purchased	1,072,000	
U. S. Treasury demand note	1,114,024	733,936
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	2,244,786	3,905,049
	<u> </u>	<u> </u>

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Total liabilities	328,483,953	326,602,477
Shareholders' Equity		
Common stock (\$1.25 par value; 10,000,000 shares authorized; 3,580,797 shares issued; 3,304,149 and 3,312,539 shares outstanding at September 30, 2004 and December 31, 2003)	4,475,996	4,475,996
Additional paid-in-capital	1,391,723	1,391,723
Retained earnings	48,357,598	45,330,975
Treasury stock, at cost (276,648 and 268,258 shares at September 30, 2004 and December 31, 2003)	(4,815,629)	(4,600,167)
Realized shareholders' equity	49,409,688	46,598,527
Accumulated other comprehensive income - unrealized gains on available-for-sale securities, net of tax	947,518	1,166,730
Total shareholders' equity	50,357,206	47,765,257
Total Liabilities and Shareholders' Equity	\$ 378,841,159	\$ 374,367,734

See accompanying notes to consolidated financial statements.

Table of Contents**Southeastern Banking Corporation****Consolidated Statements of Income****(Unaudited)**

<i>Period Ended September 30,</i>	<i>Quarter</i>		<i>Nine Months</i>	
	2004	2003	2004	2003
Interest income				
Loans, including fees	\$ 3,812,624	\$ 3,720,280	\$ 11,105,832	\$ 10,899,588
Federal funds sold	21,790	5,916	72,127	94,892
Investment securities				
Taxable	999,436	1,015,233	3,073,370	3,523,558
Tax-exempt	382,500	387,338	1,145,110	1,179,228
Other assets	9,348	10,341	27,639	34,022
Total interest income	5,225,698	5,139,108	15,424,078	15,731,288
Interest expense				
Deposits	771,731	851,716	2,355,516	3,332,967
Federal funds purchased	1,977	3,061	2,016	3,061
U. S. Treasury demand note	1,968	2,105	4,192	5,827
Federal Home Loan Bank advances	75,645	75,645	225,289	224,467
Total interest expense	851,321	932,527	2,587,013	3,566,322
Net interest income	4,374,377	4,206,581	12,837,065	12,164,966
Provision for loan losses	188,500	233,500	612,483	684,500
Net interest income after provision for loan losses	4,185,877	3,973,081	12,224,582	11,480,466
Noninterest income				
Service charges on deposit accounts	654,994	671,554	1,921,447	1,978,654
Investment securities (losses) gains, net			(3,309)	10,988
Other operating income	294,611	310,495	914,785	971,587
Total noninterest income	949,605	982,049	2,832,923	2,961,229
Noninterest expense				
Salaries and employee benefits	1,754,481	1,721,538	5,215,785	5,116,821
Occupancy and equipment, net	617,132	607,884	1,837,026	1,853,016
Other operating expense	632,470	658,401	1,874,743	2,012,779
Total noninterest expense	3,004,083	2,987,823	8,927,554	8,982,616

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Income before income tax expense	2,131,399	1,967,307	6,129,951	5,459,079
Income tax expense	652,688	606,986	1,862,618	1,637,587
Net income	\$ 1,478,711	\$ 1,360,321	\$ 4,267,333	\$ 3,821,492
Basic earnings per common share	\$ 0.45	\$ 0.41	\$ 1.29	\$ 1.15
Weighted average common shares outstanding	3,307,712	3,332,546	3,310,371	3,332,939

See accompanying notes to consolidated financial statements.

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Southeastern Banking Corporation

Consolidated Statements of Shareholders' Equity

(Unaudited)

	<i>Common Stock</i>	<i>Additional Paid-In Capital</i>	<i>Retained Earnings</i>	<i>Treasury Stock</i>	<i>Accumulated Other Comprehensive Income</i>	<i>Total</i>
Balance, December 31, 2002	\$ 4,475,996	\$ 1,391,723	\$ 43,449,597	\$ (4,124,263)	\$ 2,336,117	\$ 47,529,170
Comprehensive income:						
Net income			3,821,492			3,821,492
Other comprehensive income, net of tax effect of \$532,617:						
Change in unrealized gains on available-for-sale securities					(1,033,903)	(1,033,903)
Total comprehensive income						2,787,589
Cash dividends declared (\$0.36 per share)						