

SOUTHEASTERN BANKING CORP

Form 10-Q

June 10, 2011

Table of Contents

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 March 31, 2011

Commission File Number 000-32627

(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 North Way, Darien, Georgia 31305

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of May 23, 2011, 3,129,388 shares of the Registrant's common stock, par value \$1.25 per share, were outstanding.

Table of Contents

Table of Contents

	Page
Part I Financial Information	
Item 1. Financial Statements:	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Shareholders' Equity</u>	5
<u>Consolidated Statements of Cash Flows</u>	6
<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	44
<u>Item 4. Controls and Procedures</u>	44
Part II Other Information	
<u>Item 1. Legal Proceedings</u>	46
<u>Item 1A. Risk Factors</u>	46
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	46
<u>Item 3. Defaults upon Senior Securities</u>	46
<u>Item 4. (Removed and Reserved)</u>	46
<u>Item 5. Other Information</u>	46
<u>Item 6. Exhibits</u>	46
<u>Signatures</u>	47

Table of Contents**Part I - Financial Information****Item 1. Financial Statements.****Southeastern Banking Corporation****Consolidated Balance Sheets**

	(Unaudited) March 31, 2011	December 31, 2010
Assets		
Cash and due from banks	\$ 9,459,545	\$ 8,206,514
Interest-bearing deposits in other banks	82,015,008	70,511,991
Federal funds sold	2,150,000	2,150,000
	93,624,553	80,868,505
Cash and cash equivalents		
Investment securities:		
Available-for-sale, at market value (amortized cost of \$75,374,654 and \$73,893,247 at March 31, 2011 and December 31, 2010)	75,841,661	74,299,903
Loans, gross	235,703,640	245,688,555
Unearned income	(60,873)	(65,007)
Allowance for loan losses	(8,370,191)	(9,915,559)
	227,272,576	235,707,989
Net loans		
Premises and equipment, net	11,984,017	12,107,464
Bank-owned life insurance, at cash surrender value	5,796,561	5,738,642
Other real estate	12,914,943	11,636,290
Other assets	6,933,291	7,274,264
	\$ 434,367,602	\$ 427,633,057
Total Assets		
Liabilities and Shareholders Equity		
Liabilities		
Deposits:		
Noninterest-bearing demand deposits	\$ 56,965,413	\$ 55,377,519
Interest-bearing demand, savings, and time deposits	324,622,920	319,817,600
	381,588,333	375,195,119
Total deposits		
U. S. Treasury demand note	1,042,509	762,782
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	1,853,843	1,869,597
	389,484,685	382,827,498
Total liabilities		
Shareholders Equity		
Common stock, \$1.25 par value	4,475,996	4,475,996
Additional paid-in-capital	1,507,008	1,495,668
Retained earnings	47,486,150	47,459,963
Treasury stock, at cost	(8,894,461)	(8,894,461)
Accumulated other comprehensive income	308,224	268,393

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

Total shareholders' equity	44,882,917	44,805,559
Total Liabilities and Shareholders' Equity	\$ 434,367,602	\$ 427,633,057
Common shares issued	3,580,797	3,580,797
Common shares authorized	10,000,000	10,000,000
Common shares outstanding	3,129,388	3,129,388
Treasury shares	451,409	451,409

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Southeastern Banking Corporation
Consolidated Statements of Operations
(Unaudited)

<i>Three Months Ended March 31,</i>	2011	2010
Interest income:		
Interest and fees on loans	\$ 3,377,795	\$ 3,653,226
Interest on investment securities:		
Taxable	455,343	662,416
Tax-exempt	146,520	204,414
Other interest income	51,186	23,653
Total interest income	4,030,844	4,543,709
Interest expense:		
Interest on deposits	917,767	1,181,509
Interest on Federal Home Loan Bank advances	32,301	93,968
Total interest expense	950,068	1,275,477
Net interest income	3,080,776	3,268,232
Provision for loan losses	660,000	2,985,000
Net interest income after provision for loan losses	2,420,776	283,232
Noninterest income:		
Service charges on deposit accounts	550,877	641,912
Net loss on sales of investment securities available-for-sale	(18,191)	
Other noninterest income	337,434	337,114
Total noninterest income	870,120	979,026
Noninterest expense:		
Salaries and employee benefits	1,682,707	1,826,314
Occupancy and equipment expense, net	612,777	694,070
Net gain on sales of other real estate	(22,029)	(3,820)
Write-downs on other real estate	161,127	
Other noninterest expense	830,127	794,712
Total noninterest expense	3,264,709	3,311,276
Income (loss) before income tax expense (benefit)	26,187	(2,049,018)
Income tax expense (benefit)		(876,609)
Net income (loss)	\$ 26,187	\$ (1,172,409)
Basic and diluted earnings (loss) per common share	\$ 0.01	\$ (0.37)
Basic and diluted weighted average common shares outstanding	3,129,388	3,138,531

See accompanying Notes to Consolidated Financial Statements.

Table of Contents

Southeastern Banking Corporation
Consolidated Statements of Stockholders' 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 (Loss)</i>	<i>Total</i>
	<i>Shares</i>	<i>Stated Value</i>					
Balance, December 31, 2009	3,138,531	\$ 4,475,996	\$ 1,449,696	\$ 60,512,342	\$ (8,803,031)	\$ (1,076,320)	\$ 56,558,683
Comprehensive loss:							
Net loss				(1,172,409)			(1,172,409)
Unrealized holding gains (losses) on investment securities available-for-sale arising during the period, net of tax (benefit) of \$553,088						1,073,642	1,073,642
Total comprehensive loss							(98,767)
Cash dividends declared, \$0.065 per share				(204,005)			(204,005)
Stock-based compensation			13,541				13,541
Balance, March 31, 2010	3,138,531	\$ 4,475,996	\$ 1,463,237	\$ 59,135,928	\$ (8,803,031)	\$ (2,678)	\$ 56,269,452
Balance, December 31, 2010	3,129,388	\$ 4,475,996	\$ 1,495,668	\$ 47,459,963	\$ (8,894,461)	\$ 268,393	\$ 44,805,559
Comprehensive income:							
Net income				26,187			26,187
Unrealized holding gains (losses) on investment securities available-for-sale arising during the period, net of tax (benefit) of \$14,334							