

SOUTHEASTERN BANKING CORP
Form 10-Q
November 14, 2003
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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, 2003

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

(Address of principal executive offices) (Zip Code)

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(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, 2003, 3,315,539 shares of the registrant's common stock, par value \$1.25 per share, were outstanding.

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	(Unaudited) September 30, 2003	December 31, 2002
	<u> </u>	<u> </u>
Assets		
Cash and due from banks	\$ 14,597,173	\$ 16,824,550
Federal funds sold		22,811,000
	<u> </u>	<u> </u>
Cash and cash equivalents	14,597,173	39,635,550
Investment securities		
Held-to-maturity (market value of approximately \$38,452,000 and \$39,764,000 at September 30, 2003 and December 31, 2002)	36,336,782	37,697,612
Available-for-sale, at market value	96,638,602	115,625,072
	<u> </u>	<u> </u>
Total investment securities	132,975,384	153,322,684
Loans, gross	201,648,363	175,314,077
Unearned income	(222,576)	(333,133)
Allowance for loan losses	(3,732,950)	(3,600,833)
	<u> </u>	<u> </u>
Loans, net	197,692,837	171,380,111
Premises and equipment, net	9,028,375	8,140,885
Intangible assets	740,657	854,234
Other assets	4,565,974	4,806,165
	<u> </u>	<u> </u>
Total Assets	\$ 359,600,400	\$ 378,139,629
	<u> </u>	<u> </u>
Liabilities and Shareholders Equity		
Liabilities		
Noninterest-bearing deposits	\$ 60,203,925	\$ 57,694,311
Interest-bearing deposits	241,151,053	260,153,716
	<u> </u>	<u> </u>
Total deposits	301,354,978	317,848,027
Federal funds purchased	1,177,000	
U. S. Treasury demand note	860,784	3,028,187
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	2,146,397	4,734,245
	<u> </u>	<u> </u>
Total liabilities	310,539,159	330,610,459
	<u> </u>	<u> </u>
Shareholders Equity		
Common stock (\$1.25 par value; 10,000,000 shares authorized; 3,580,797 shares issued; 3,330,539 and 3,333,139 shares outstanding at September 30, 2003 and December 31, 2002)	4,475,996	4,475,996

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Additional paid-in-capital	1,391,723	1,391,723
Retained earnings	46,071,470	43,449,597
Treasury stock, at cost (250,258 and 247,658 shares at September 30, 2003 and December 31, 2002)	(4,180,162)	(4,124,263)
	<hr/>	<hr/>
Realized shareholders' equity	47,759,027	45,193,053
Accumulated other comprehensive income - unrealized gains on available-for-sale securities, net of tax	1,302,214	2,336,117
	<hr/>	<hr/>
Total shareholders' equity	49,061,241	47,529,170
	<hr/>	<hr/>
Total Liabilities and Shareholders' Equity	\$ 359,600,400	\$ 378,139,629
	<hr/>	<hr/>

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>	
	2003	2002	2003	2002
Interest income				
Loans, including fees	\$ 3,720,280	\$ 3,722,960	\$ 10,899,588	\$ 11,247,994
Federal funds sold	5,916	89,583	94,892	214,279
Investment securities				
Taxable	1,015,233	1,459,878	3,523,558	4,667,252
Tax-exempt	387,338	397,600	1,179,228	1,160,170
Other assets	10,341	14,712	34,022	44,712
Total interest income	5,139,108	5,684,733	15,731,288	17,334,407
Interest expense				
Deposits	851,716	1,756,029	3,332,967	5,600,429
Federal funds purchased	3,061		3,061	
U. S. Treasury demand note	2,105	3,617	5,827	9,494
Federal Home Loan Bank advances	75,645	75,645	224,467	224,467
Total interest expense	932,527	1,835,291	3,566,322	5,834,390
Net interest income	4,206,581	3,849,442	12,164,966	11,500,017
Provision for loan losses	233,500	275,000	684,500	857,500
Net interest income after provision for loan losses	3,973,081	3,574,442	11,480,466	10,642,517
Noninterest income				
Service charges on deposit accounts	671,554	683,388	1,978,654	1,884,985
Investment securities gains, net		5,292	10,988	9,666
Other operating income	310,495	314,927	971,587	932,487
Total noninterest income	982,049	1,003,607	2,961,229	2,827,138
Noninterest expense				
Salaries and employee benefits	1,721,538	1,557,083	5,116,821	4,803,950
Occupancy and equipment, net	607,884	585,623	1,853,016	1,738,471
Other operating expense	658,401	703,643	2,012,779	2,017,444
Total noninterest expense	2,987,823	2,846,349	8,982,616	8,559,865
Income before income taxes	1,967,307	1,731,700	5,459,079	4,909,790

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Income tax expense	606,986	493,164	1,637,587	1,384,384
Net income	\$ 1,360,321	\$ 1,238,536	\$ 3,821,492	\$ 3,525,406
Basic earnings per common share	\$ 0.41	\$ 0.37	\$ 1.15	\$ 1.05
Weighted average common shares outstanding	3,332,546	3,333,595	3,332,939	3,367,988

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>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance, December 31, 2001	\$ 4,475,996	\$ 1,391,723	\$ 42,035,982	\$ (3,247,718)	\$ 941,344	\$ 45,597,327
Comprehensive income:						
Net income			3,525,406			3,525,406
Other comprehensive income, net of tax effect of \$725,060:						
Change in unrealized gains on available-for-sale securities					1,407,470	1,407,470
Comprehensive income						<u>4,932,876</u>
Cash dividends declared						
(\$0.34 1/2 per share)			(1,161,971)			