

SOUTHEASTERN BANKING CORP
Form 10-Q
May 21, 2007
[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, 2007

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)

(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

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

to such filing requirements for the past 90 days. Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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 April 30, 2007, 3,209,600 shares of the registrant's common stock, par value \$1.25 per share, were outstanding.

Table of Contents

Table of Contents

Part I Financial Information

	Page
Item 1. <u>Financial Statements:</u>	
<u>Consolidated Balance Sheets</u>	2
<u>Consolidated Statements of Income</u>	2
<u>Consolidated Statements of Shareholders' Equity</u>	3
<u>Consolidated Statements of Cash Flows</u>	4
<u>Notes to Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	7
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	21
Item 4. <u>Controls and Procedures</u>	21

Part II Other Information

Item 1. <u>Legal Proceedings</u>	22
Item 1A. <u>Risk Factors</u>	22
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
Item 3. <u>Defaults upon Senior Securities</u>	22
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	22
Item 5. <u>Other Information</u>	22
Item 6. <u>Exhibits</u>	22
<u>Signatures</u>	24

Table of Contents**Item I Financial Statements****Southeastern Banking Corporation****Consolidated Balance Sheets**

	(Unaudited) March 31, 2007	December 31, 2006
Assets		
Cash and due from banks	\$ 20,100,424	\$ 23,410,228
Federal funds sold	4,825,000	
Cash and cash equivalents	24,925,424	23,410,228
Investment securities		
Available-for-sale, at market value	76,156,063	93,490,850
Held-to-maturity (market value of approximately \$33,021,000 and \$33,233,000 at March 31, 2007 and December 31, 2006)	32,783,708	32,795,375
Total investment securities	108,939,771	126,286,225
Loans, gross	267,377,743	247,877,870
Unearned income	(110,130)	(112,437)
Allowance for loan losses	(4,304,312)	(4,239,966)
Loans, net	262,963,301	243,525,467
Premises and equipment, net	10,090,444	9,842,875
Intangible assets	491,937	506,490
Other assets	5,845,118	6,730,771
Total Assets	\$ 413,255,995	\$ 410,302,056
Liabilities and Shareholders Equity		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 85,815,129	\$ 80,979,450
Interest-bearing deposits	264,667,603	260,971,580
Total deposits	350,482,732	341,951,030
Federal funds purchased		4,684,000
U. S. Treasury demand note	1,590,710	1,905,141
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	2,802,012	4,575,699
Total liabilities	359,875,454	358,115,870
Shareholders Equity	4,475,996	4,475,996

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

Common stock (\$1.25 par value; 10,000,000 shares authorized; 3,580,797 shares issued; 3,209,600 and 3,213,600 shares outstanding at March 31, 2007 and December 31, 2006)		
Additional paid-in-capital	1,391,723	1,391,723
Retained earnings	55,493,673	54,272,250
Treasury stock, at cost (371,197 and 367,197 shares at March 31, 2007 and December 31, 2006)	(7,474,329)	(7,356,329)
Realized shareholders' equity	53,887,063	52,783,640
Accumulated other comprehensive loss	(506,522)	(597,454)
Total shareholders' equity	53,380,541	52,186,186
Total Liabilities and Shareholders' Equity	\$ 413,255,995	\$ 410,302,056

See accompanying notes to consolidated financial statements.

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

<i>Three Months Ended March 31,</i>	2007	2006
Interest income		
Loans, including fees	\$ 5,872,374	\$ 4,831,084
Federal funds sold	9,454	86,998
Investment securities		
Taxable	1,007,170	953,843
Tax-exempt	321,771	333,841
Other assets	16,711	15,828
 Total interest income	 7,227,480	 6,221,594
Interest expense		
Deposits	2,174,067	1,278,681
Federal funds purchased	56,845	1,147
U. S. Treasury demand note	10,634	5,123
Federal Home Loan Bank advances	74,000	74,000
 Total interest expense	 2,315,546	 1,358,951
 Net interest income	 4,911,934	 4,862,643
Provision for loan losses	115,000	59,500
 Net interest income after provision for loan losses	 4,796,934	 4,803,143
Noninterest income		
Service charges on deposit accounts	609,289	582,950
Investment securities gains, net	134,628	
Other operating income	327,815	286,745
 Total noninterest income	 1,071,732	 869,695
Noninterest expense		
Salaries and employee benefits	2,091,815	1,984,262
Occupancy and equipment, net	655,443	634,943
Other operating expense	659,893	669,257
 Total noninterest expense	 3,407,151	 3,288,462
 Income before income tax expense	 2,461,515	 2,384,376
Income tax expense	790,748	754,304
 Net income	 \$ 1,670,767	 \$ 1,630,072

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

Basic earnings per common share	\$ 0.52	\$ 0.50
--	----------------	----------------

Weighted average common shares outstanding

3,212,889 3,235,002

See accompanying notes to consolidated financial statements.

Table of Contents

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 Loss</i>	<i>Total</i>
Balance, December 31, 2005	\$ 4,475,996	\$ 1,391,723	\$ 50,977,998	\$ (6,757,073)	\$ (687,744)	\$ 49,400,900
Comprehensive income:						
Net income			1,630,072			1,630,072
Change in unrealized losses on available-for-sale securities, net of tax effect of \$127,471					(247,444)	(247,444)
Total comprehensive income						1,382,628
Cash dividends declared (\$0.13 1/2 per share)			(436,726)			(436,726)
Balance, March 31, 2006	\$ 4,475,996	\$ 1,391,723	\$ 52,171,344	\$ (6,757,073)	\$ (935,188)	\$ 50,346,802
Balance, December 31, 2006	\$ 4,475,996	\$ 1,391,723	\$ 54,272,250	\$ (7,356,329)	\$ (597,454)	\$ 52,186,186
Comprehensive income:						
Net income			1,670,767			1,670,767
Change in unrealized losses on available-for-sale securities, net of tax effect of \$46,844					90,932	90,932
Total comprehensive income						1,761,699
Cash dividends declared (\$0.14 per share)			(449,344)			(449,344)
Purchase of treasury stock				(118,000)		(118,000)
Balance, March 31, 2007	\$ 4,475,996	\$ 1,391,723	\$ 55,493,673	\$ (7,474,329)	\$ (506,522)	\$ 53,380,541

See accompanying notes to consolidated financial statements.

Table of Contents

Southeastern Banking Corporation
Consolidated Statements of Cash Flows
(Unaudited)

<i>Three Months Ended March 31,</i>	2007	2006
Operating activities		
Net income	\$ 1,670,767	\$ 1,630,072
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	115,000	59,500
Depreciation	165,355	154,011
Amortization and accretion, net	4,370	37,017
Investment securities gains, net	(134,628)	
Net gains on sales of other real estate	(30,067)	(3,820)
Changes in assets and liabilities:		
Decrease in other assets	622,943	152,563
Decrease in other liabilities	(246,666)	(65,681)
Net cash provided by operating activities	2,167,074	1,963,662
Investing activities		
Principal collections and maturities of investment securities:		
Available-for-sale	121,907,683	25,401,910
Held-to-maturity	385,000	1,365,000
Proc		