

SOUTHEASTERN BANKING CORP
Form 10-Q
November 14, 2006
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 September 30, 2006

Commission File Number 2-83157

SOUTHEASTERN BANKING CORPORATION

(Exact name of registrant as specified in its charter)

Georgia
(State or other jurisdiction of

58-1423423
(IRS Employer

incorporation or organization)

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 October 31, 2006, 3,213,600 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. <u>Financial Statements:</u>	
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Income</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
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	8
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	22
Item 4. <u>Controls and Procedures</u>	22
Part II Other Information	
Item 1. <u>Legal Proceedings</u>	23
Item 1A. <u>Risk Factors</u>	23
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	23
Item 3. <u>Defaults upon Senior Securities</u>	23
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	23
Item 5. <u>Other Information</u>	23
Item 6. <u>Exhibits</u>	23
<u>Signatures</u>	24

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

	(Unaudited)	
	September 30, 2006	December 31, 2005
Assets		
Cash and due from banks	\$ 18,263,608	\$ 21,587,266
Federal funds sold	10,945,000	15,003,000
Cash and cash equivalents	29,208,608	36,590,266
Investment securities		
Available-for-sale, at market value	80,564,860	82,791,294
Held-to-maturity (market value of approximately \$33,535,000 and \$35,381,000 at September 30, 2006 and December 31, 2005)	32,971,992	34,584,741
Total investment securities	113,536,852	117,376,035
Loans, gross	239,041,667	223,947,365
Unearned income	(123,960)	(155,731)
Allowance for loan losses	(4,244,754)	(4,311,007)
Loans, net	234,672,953	219,480,627
Premises and equipment, net	9,461,573	8,817,550
Intangible assets	521,044	564,704
Other assets	6,069,964	5,861,990
Total Assets	\$ 393,470,994	\$ 388,691,172
Liabilities and Shareholders Equity		
Liabilities		
Deposits		
Noninterest-bearing deposits	\$ 84,001,931	\$ 79,750,623
Interest-bearing deposits	247,371,613	249,050,465
Total deposits	331,373,544	328,801,088
U. S. Treasury demand note	1,771,002	1,355,559
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	2,776,900	4,133,625
Total liabilities	340,921,446	339,290,272
Shareholders Equity		
Common stock (\$1.25 par value; 10,000,000 shares authorized; 3,580,797 shares issued; 3,213,600 and 3,235,002 shares outstanding at September 30, 2006 and December 31, 2005)	4,475,996	4,475,996
Additional paid-in-capital	1,391,723	1,391,723

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

Retained earnings	54,680,456	50,977,998
Treasury stock, at cost (367,197 and 345,795 shares at September 30, 2006 and December 31, 2005)	(7,356,329)	(6,757,073)
Realized shareholders' equity	53,191,846	50,088,644
Accumulated other comprehensive loss	(642,298)	(687,744)
Total shareholders' equity	52,549,548	49,400,900
Total Liabilities and Shareholders' Equity	\$ 393,470,994	\$ 388,691,172

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>	
	2006	2005	2006	2005
Interest income				
Loans, including fees	\$ 5,376,231	\$ 4,381,715	\$ 15,474,705	\$ 12,573,629
Federal funds sold	68,024	84,375	191,928	367,851
Investment securities				
Taxable	904,881	987,731	2,782,595	2,849,362
Tax-exempt	320,590	372,216	979,126	1,121,696
Other assets	16,985	10,793	48,884	36,987
Total interest income	6,686,711	5,836,830	19,477,238	16,949,525
Interest expense				
Deposits	1,691,911	992,589	4,458,764	2,857,417
Federal funds purchased	1,479	2,840	19,701	2,840
U. S. Treasury demand note	8,854	4,772	22,722	11,687
Federal Home Loan Bank advances	75,644	75,644	224,466	224,466
Total interest expense	1,777,888	1,075,845	4,725,653	3,096,410
Net interest income	4,908,823	4,760,985	14,751,585	13,853,115
Provision for loan losses		33,000	59,500	258,833
Net interest income after provision for loan losses	4,908,823	4,727,985	14,692,085	13,594,282
Noninterest income				
Service charges on deposit accounts	623,500	609,671	1,812,474	1,729,664
Other operating income	328,355	363,215	956,399	963,941
Total noninterest income	951,855	972,886	2,768,873	2,693,605
Noninterest expense				
Salaries and employee benefits	2,019,385	1,919,915	6,039,402	5,784,088
Occupancy and equipment, net	746,292	610,335	2,044,139	1,895,591
Other operating expense	658,351	676,502	1,987,761	1,874,642
Total noninterest expense	3,424,028	3,206,752	10,071,302	9,554,321
Income before income tax expense	2,436,650	2,494,119	7,389,656	6,733,566
Income tax expense	790,281	792,636	2,382,799	2,090,603
Net income	\$ 1,646,369	\$ 1,701,483	\$ 5,006,857	\$ 4,642,963
Basic earnings per common share	\$ 0.51	\$ 0.52	\$ 1.55	\$ 1.41

Edgar Filing: SOUTHEASTERN BANKING CORP - Form 10-Q

Weighted average common shares outstanding	3,213,600	3,299,978	3,226,307	3,302,743
--	------------------	-----------	------------------	-----------

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 Income (Loss)</i>	<i>Total</i>
Balance, December 31, 2004	\$ 4,475,996	\$ 1,391,723	\$ 47,828,636	\$ (4,815,629)	\$ 361,035	\$ 49,241,761
Comprehensive income:						
Net income			4,642,963			4,642,963
Other comprehensive loss, net of tax effect of \$265,371:						
Change in unrealized gains (losses) on available-for-sale securities					(515,131)	(515,131)
Total comprehensive income						4,127,832
Cash dividends declared (\$0.39 per share)			(1,287,221)			(1,287,221)
Purchase of treasury stock				(291,641)		(291,641)
Balance, September 30, 2005	\$ 4,475,996	\$ 1,391,723	\$ 51,184,378	\$ (5,107,270)	\$ (154,096)	\$ 51,790,731
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			5,006,857			5,006,857
Other comprehensive loss, net of tax effect of \$23,412:						
Change in unrealized losses on available-for-sale securities					45,446	45,446
Total comprehensive income						5,052,303
Cash dividends declared (\$0.405 per share)			(1,304,399)			