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Southeastern Bank Financial Corp. Reports \$1.3 Million Profit in First Quarter 2010

AUGUSTA, Ga., April 30, 2010 – Southeastern Bank Financial Corp. (OTCBB:SBFC), the holding company for Georgia Bank & Trust Company of Augusta (GB&T) and Southern Bank & Trust (SB&T), today reported quarterly net income of \$1.3 million, or \$0.19 in diluted earnings per share, for the three months ended March 31, 2010, compared to \$56,124, or \$0.01 in diluted earnings per share, in the first quarter of 2009.

“Overall, it was a good quarter for our company and shareholders,” said R. Daniel Blanton, president and chief executive officer. “We improved our net interest income and earnings thanks in part to the success of our strategy to aggressively reduce problem assets and convert nonearning assets to earning assets. While we saw only nominal growth in the balance sheet, our loan-loss provision was down significantly from the first quarter of 2009, which led to an increase in our net interest income. Also, we generated significant increases in our retail investment and trust income and we continued to see solid growth in our SB&T subsidiary.”

While total assets for the Company at March 31, 2010, were \$1.5 billion, a slight increase from Dec. 31, 2009, total assets for the company’s SB&T subsidiary reflected continued growth, totaling \$169.2 million at the close of the first quarter, an increase of \$9.6 million, or 6.0 percent, compared to Dec. 31, 2009.

Loans outstanding at the end of the first quarter were \$939.5 million, a slight decrease from Dec. 31, 2009, and a decline of 5.8 percent from March 31, 2009. Total deposits were \$1.3 billion at March 31, 2010, an increase of \$10.4 million from Dec. 31, 2009. Cash and cash equivalents totaled \$112.2 million at the end of the first quarter, compared to \$148.0 million at Dec. 31, 2009.

Net interest income for the first quarter of 2010 was \$10.5 million, a 4.2 percent increase from \$10.1 million in the same period a year ago. Noninterest income for the first quarter was \$4.0 million, a decrease from \$4.5 million for the first quarter of 2009, resulting primarily from lower mortgage volumes. Noninterest expense decreased \$401,269 to \$9.4 million in the first quarter of 2010, compared to a year ago, due to lower problem loan-related expenses and increased efficiency in the bank's operations.

Continued trends of reductions in costs of funds for deposits, including the reduced volume of wholesale deposits and borrowings, combined with a decrease in the average volume of nonperforming loans led to an expansion in the company's net interest margin, which grew to 3.07 percent in the first quarter of 2010, compared to 3.03 percent for the three months ended Dec. 31, 2009, and 2.96 percent a year ago. Return on average assets (ROA) was 0.34 percent for the first quarter of 2010, and return on average shareholders' equity (ROE) was 5.31 percent.

While the company reduced its loan loss provision to \$3.3 million in the first quarter of 2010, from \$4.7 million in the first quarter of 2009, it continued to increase the allowance for loan losses which is based on management's assessment of probable risk in the loan portfolio. Allowance for loan losses totaled \$23.1 million, or 2.52 percent of loans outstanding at March 31, 2010, compared to \$22.3 million, or 2.38 percent of loans outstanding, at Dec. 31, 2009.

Nonperforming assets at March 31, 2010, were 2.52 percent of total assets, compared to 2.70 percent at Dec. 31, 2009, and 3.56 percent at March 31, 2009. Net charge-offs for the first quarter of 2010 totaled 1.07 percent of average loans on an annualized basis, compared to 4.42 percent annualized in the fourth quarter of 2009, and 1.78 percent annualized in the first quarter of 2009. The company held \$5.9 million in other real estate owned (OREO) at March 31, 2010, compared to \$8.0 million at Dec. 31, 2009, and \$7.0 million at March 31, 2009.

"The fact that our nonperforming assets are at the lowest level they have been in 18 months is a good indicator that our credit quality is stabilizing, however we remain cautious while the state and national economies slowly recover" said Blanton. "Our goal moving forward is to remain on

track for continued earnings improvement as we look to reap additional benefits from our strategy to reduce problem assets, control expenses and enhance our core banking operations.”

About Southeastern Bank Financial Corp.

Southeastern Bank Financial Corp. is the \$1.5 billion-asset bank holding company of Georgia Bank & Trust Company of Augusta (GB&T) and Southern Bank & Trust (SB&T). GB&T is the largest locally owned and operated community bank in the Augusta metro market, with nine full-service Augusta-area offices and an office in Athens, Ga. SB&T is a federally chartered thrift serving the Aiken County, S.C., market, with three full-service offices. The company also has mortgage operations in Augusta and Savannah. The banks focus primarily on real estate, commercial and consumer loans to individuals, small to medium-sized businesses and professionals, and also provide wealth management and trust services. The company’s common stock is publicly traded on the OTC Bulletin Board under the symbol SBFC. For more information, please visit the company’s Web site, www.georgiabankandtrust.com.

Safe Harbor Statement – Forward-Looking Statements

Statements made in this release by Southeastern Bank Financial Corporation (The Company) other than those concerning historical information, should be considered forward-looking and subject to various risks and uncertainties. Such forward-looking statements are made based upon management’s belief as well as assumptions made by, and information currently available to, management pursuant to “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. The Company’s actual results may differ materially from the results anticipated in forward-looking statements due to a variety of factors, including: unanticipated changes in the Bank’s local economy and in the national economy; governmental monetary and fiscal policies; deposit levels, loan demand, loan collateral values and securities portfolio values; difficulties in interest rate risk management; difficulties in operating in a variety of geographic areas; the effects of competition in the banking business; changes in governmental regulation relating to the banking industry, including regulations relating to branching and acquisitions; failure of assumptions underlying the establishment of reserves for loan losses, including the value of collateral underlying delinquent loans; and other factors. The Company cautions that such factors are not exclusive. The Company does not undertake to update any forward-looking statement that may be made from time to time by, or on behalf of, the Company.

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