

For More Information:

Ronald L. Thigpen
Executive Vice President and COO
Southeastern Bank Financial Corp.
706-481-1014

John Marsh
President
Marsh Communications LLC
770-458-7553

**Southeastern Bank Financial Corp. Reports
Profit in First Quarter 2009**
Board Suspends Quarterly Dividends

AUGUSTA, Ga., April 24, 2009 – 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 \$685,759, or \$0.11 in diluted earnings per share, for the three months ended March 31, 2009, compared to \$2.6 million, or \$0.44 in diluted earnings per share, in the first quarter of 2008, and \$660,139, or \$0.11 in diluted earnings per share, in the fourth quarter of 2008.

“Our net income in the first quarter showed slight improvement over the fourth quarter of 2008, which is a notable achievement in this difficult market and low interest rate environment,” said R. Daniel Blanton, president and chief executive officer. “Our core banking operations performed well, which, along with gains we made on the sale of investments during the quarter, enabled us to continue to further build our loan loss reserves. We believe this is appropriate given the current market environment, even though the resulting increase in loan-loss provision expense reduced our income and earnings compared to last year.”

The company’s loan loss provision was \$4.7 million in the first quarter of 2009. This compares to \$1.3 million in the first quarter of 2008, and \$4.1 million in the fourth quarter of 2008. The increase in loan loss provisions resulted in a rise in the allowance for loan losses to \$15.2 million, or 1.52 percent of loans outstanding. This compares to \$12.8 million or 1.38 percent of loans outstanding at March 31, 2008, and \$14.7 million or 1.47 percent of loans outstanding at Dec. 31, 2008.

Nonperforming assets at March 31, 2009, were 3.56 percent of total assets, compared to 0.63 percent at March 31, 2008, and 3.39 percent at Dec. 31, 2008. Net charge-offs for the first quarter of 2009 totaled 0.43 percent of average loans, compared to 0.03 percent in the first quarter of 2008 and 0.30 percent in the fourth quarter of 2008. The company held \$7.0 million in other real estate owned (OREO) at March 31, 2009, compared to \$5.7 million at Dec. 31, 2008, and \$412,000 at March 31, 2008.

“We remained well-capitalized and continued to maintain significant liquidity during the first quarter,” said Blanton. “In addition to growth from our core banking operations, mortgage income nearly doubled in the first quarter due to a significant increase in refinancing volume. Revenue from our GB&T operations slowed during the quarter, though this was partially offset by the continued growth of our SB&T thrift.”

Total assets at March 31, 2009, were \$1.5 billion, an increase of \$214.3 million from a year ago, and \$74.8 million from Dec. 31, 2008. Assets at the company’s SB&T subsidiary totaled \$149.4 million at the close of the first quarter, an increase of \$25.8 million, or 20.9 percent, compared to Dec. 31, 2008.

Loans outstanding at the end of the first quarter were \$997.6 million, an increase of 7.6 percent from March 31, 2008, and a decline of 0.8 percent from Dec. 31, 2008. Total deposits were \$1.2 billion at March 31, 2009, an increase of 20.7 percent from the same period a year ago and 7.6 percent from Dec. 31, 2008. Cash and cash equivalents totaled \$119.4 million at the end of the first quarter, compared to \$37.8 million from Dec. 31, 2008.

Net interest income for the first quarter of 2009 was \$10.1 million, compared to \$10.3 million in the same period a year ago. Noninterest income for the quarter was \$5.5 million, compared to \$3.9 million for the first quarter of 2008. Noninterest expense was \$9.8 million in the first quarter of 2009, an increase of \$912,890 from a year ago. Increases in noninterest income and expense were in support of the Company’s \$214 million growth in total assets during the last twelve months.

The company's net interest margin was 2.96 percent, compared to 2.99 percent for the three months ended Dec. 31, 2008, and 3.49 percent a year ago. The net interest margin appears to have stabilized although at significantly lower levels than the prior year due to the significant reduction in interest rates by the Federal Reserve. Return on average assets (ROA) was 0.19 percent for the first quarter of 2009, and return on average shareholders' equity (ROE) was 2.96 percent.

The company's Board of Directors has voted to suspend the payment of quarterly cash dividends on the company's common stock effective immediately. Given the current state of the economy, the Board believes the suspension is a prudent action that will help the company maintain its currently strong capital position by conserving approximately \$3.2 million of capital per year. The Board plans to reinstate the dividend payment at an appropriate time once economic conditions improve and stabilize.

"We have resisted suspending our quarterly cash dividend in the past as we felt strongly that our loyal shareholders and supporters should be rewarded," said Blanton. "However, in light of the recession and the unlikely prospects for a near-term economic recovery, we have reached the point where conserving capital has become the most responsible use of our resources. While the suspension was a difficult decision, we believe it is in the best long-term interests of our shareholders."

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 offices in Athens, Ga., and Greenville, S.C. 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.

###

SOUTHEASTERN BANK FINANCIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

Assets	March 31, 2009 (Unaudited)	December 31, 2008
Cash and due from banks	\$ 33,762,533	\$ 24,859,620
Federal funds sold	61,664,000	9,780,000
Interest-bearing deposits in other banks	23,948,713	3,128,043
Cash and cash equivalents	<u>119,375,246</u>	<u>37,767,663</u>
Investment securities		
Available-for-sale	300,998,219	299,339,182
Held-to-maturity, at cost (fair values of \$676,089 and \$697,977, respectively)	689,164	689,128
Loans held for sale	20,809,064	18,955,283
Loans	976,837,586	986,830,706
Less allowance for loan losses	<u>(15,185,895)</u>	<u>(14,742,339)</u>
Loans, net	961,651,691	972,088,367
Premises and equipment, net	33,254,190	33,959,975
Accrued interest receivable	6,343,240	7,085,348
Bank-owned life insurance	17,548,279	17,368,065
Restricted equity securities	6,923,037	6,571,485
Other real estate owned	6,989,755	5,733,775
Other assets	<u>11,209,003</u>	<u>11,480,316</u>
	<u>\$1,485,790,888</u>	<u>\$1,411,038,587</u>

Liabilities and Stockholders' Equity

Deposits		
Noninterest-bearing	\$ 117,921,292	\$ 111,291,359
Interest-bearing:		
NOW accounts	181,130,051	166,560,715
Savings	271,986,457	247,249,303
Money management accounts	46,335,384	50,404,031
Time deposits over \$100,000	428,636,154	385,439,375
Other time deposits	<u>180,674,397</u>	<u>178,607,605</u>
	1,226,683,735	1,139,552,388
Federal funds purchased and securities sold under repurchase agreements	48,763,613	62,552,922
Advances from Federal Home Loan Bank	84,000,000	84,000,000

Other borrowed funds	900,000	-
Accrued interest payable and other liabilities	9,683,667	10,282,777
Subordinated debentures	20,000,000	20,000,000
	<hr/>	<hr/>
Total liabilities	1,390,031,015	1,316,388,087
	<hr/>	<hr/>
Stockholders' equity:		
Common stock, \$3.00 par value; 10,000,000 shares authorized; 5,988,087 and 5,987,674 shares issued in 2009 and 2008, respectively; 5,987,785 and 5,987,674 shares outstanding in 2009 and 2008, respectively	17,964,261	17,963,022
Preferred stock, no par value; 10,000,000 shares authorized; 0 shares outstanding in 2009 and 2008, respectively	-	-
Additional paid-in capital	55,242,246	55,188,533
Retained earnings	21,362,460	21,455,152
Treasury stock, at cost; 302 and 0 shares in 2009 and 2008, respectively	(4,832)	-
Accumulated other comprehensive income, net	1,195,738	43,793
	<hr/>	<hr/>
Total stockholders' equity	95,759,873	94,650,500
	<hr/>	<hr/>
	<u>\$1,485,790,888</u>	<u>\$1,411,038,587</u>

SOUTHEASTERN BANK FINANCIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income

(Unaudited)

	Three Months Ended March 31,	
	2009	2008
Interest income:		
Loans, including fees	\$13,804,456	\$16,392,754
Investment securities	4,074,379	3,261,374
Federal funds sold	24,452	90,769
Interest-bearing deposits in other banks	3,837	5,822
Total interest income	<u>17,907,124</u>	<u>19,750,719</u>
Interest expense:		
Deposits	6,800,802	7,876,557
Federal funds purchased and securities sold under repurchase agreements	111,469	539,933
Other borrowings	895,937	1,069,480
Total interest expense	<u>7,808,208</u>	<u>9,485,970</u>
Net interest income	10,098,916	10,264,749
Provision for loan losses	<u>4,749,297</u>	<u>1,271,005</u>
Net interest income after provision for loan losses	<u>5,349,619</u>	<u>8,993,744</u>
Noninterest income:		
Service charges and fees on deposits	1,640,725	1,670,589
Gain on sales of loans	2,236,696	1,259,962
Gain on sale of fixed assets	26,135	2,999
Investment securities gains, net	743,900	37,580
Retail investment income	209,152	288,799
Trust service fees	253,344	285,948
Increase in cash surrender value of bank-owned life insurance	180,214	164,169
Miscellaneous income	163,274	220,955
Total noninterest income	<u>5,453,440</u>	<u>3,931,001</u>
Noninterest expense:		
Salaries and other personnel expense	5,657,934	5,171,110
Occupancy expenses	1,141,124	1,025,349
Other operating expenses	3,034,403	2,724,112
Total noninterest expense	<u>9,833,461</u>	<u>8,920,571</u>

Income before income taxes	969,598	4,004,174
Income tax expense	<u>283,839</u>	<u>1,369,515</u>
Net income	<u>\$ 685,759</u>	<u>\$ 2,634,659</u>
Basic net income per share	<u>\$ 0.11</u>	<u>\$ 0.45</u>
Diluted net income per share	<u>\$ 0.11</u>	<u>\$ 0.44</u>
Weighted average common shares outstanding	<u>5,987,948</u>	<u>5,958,963</u>
Weighted average number of common and common equivalent shares outstanding	<u>5,998,578</u>	<u>6,015,301</u>