



SouthCrest Financial Group Reports Preliminary 2Q15 Results

Company release – July 24, 2015

PEACHTREE CITY, GA –Kenneth H. Maloy, President and CEO of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the company reported preliminary net income for the second quarter of 2015 of \$479,000. “We are happy to announce earnings of nearly half a million dollars for the second quarter. While these are the best results the company has had on a core basis since prior to the financial crisis, we continue to strive for increased loan balances and cost efficiencies. We have cut non-interest expenses by over \$3 million per year over the past six months, and expect to achieve similar additional savings over the next 12 months. Our focus has been on right-sizing our institution after consolidation last March. This has been difficult but necessary process to achieve appropriate returns on equity and assets and long term shareholder value.”

Loan growth improved during the quarter with \$5 million of organic loan growth (7% linked quarter annualized) augmented with the purchase of a \$14 million 1-4 family mortgage portfolio, made up of whole loans, purchased servicing released, located in our home markets of Georgia and Alabama. Organic loan growth remained steady during the quarter and management expects to report similar results in 3Q.

Expense control remains a primary focus for management. During the quarter the company completed a core processing conversion that will drive \$1.0 million in additional annualized technology savings phasing in over the next three quarters. We also expect significant savings in occupancy expenses to occur by 2Q16 along with other core non-interest expense declines.

The estimated Tier 1 Leverage ratio at the end of the quarter was 8.81%. On a fully converted basis (including the conversion of all preferred equity) TBV/share ended the quarter at \$5.58 per share. The current fully converted share count at the end of the quarter is 8.380 million shares. In addition, the company still retains a deferred tax asset valuation allowance that totals approximately \$11.5 million (\$1.37/fully converted share).

Asset quality remained stable with 1Q15 at 1.68% NPAs/total assets.

SouthCrest Financial Group, Inc. is a \$550 million asset bank holding company headquartered in Peachtree City, Georgia. The company operates a 12 branch network throughout Georgia and Alabama through its subsidiary bank, SouthCrest Bank, N.A. The bank provides retail and commercial banking services, SBA lending, mortgage banking, and online banking services.

This presentation may contain certain “forward-looking statements” that are subject to risks, uncertainties, and other factors that could cause actual results and shareholder values to differ materially from those projected. Factors that could cause or contribute to such differences include

economic conditions, government regulation and legislation, changes in interest rates, credit quality, competition, and other risk factors.

Andy Borrmann
Chief Financial Officer
678.734.3505

Statement of Operations (\$000s, Unaudited)

	2014			2015	
	Q2	Q3	Q4	Q1	Q2
Interest Income					
Loans					
Construction and Development	\$231	\$262	\$216	\$219	\$231
Commercial Real Estate	1,173	1,297	1,371	1,274	1,374
Commercial Loans	162	214	319	245	261
Multi Family	13	14	17	20	26
Residential Mortgage	1,573	1,518	1,408	1,354	1,464
Consumer Loans	343	305	267	241	212
County/Municipal Loans	32	34	42	36	43
Loss Share Loans	236	200	194	169	324
Investment Securities					
Federal Funds/Overnight Funds	\$44	\$20	\$35	\$22	\$16
Bank Owned CDs	7	6	4	8	7
Investment Securities	1,022	975	971	1,058	960
Total Interest Income	\$4,836	\$4,845	\$4,844	\$4,646	\$4,918
Total Interest Expense	\$334	\$348	\$347	\$329	\$309
Net Interest Income	\$4,502	\$4,497	\$4,497	\$4,320	\$4,611
Provision for Loan Losses	-	75	95	239	200
Net Interest Income after Loan Losses	\$4,502	\$4,422	\$4,402	\$4,078	\$4,409

Other Income

Service Charges on Deposits	\$105	\$102	\$106	\$99	\$99
NSF/Overdraft Fees	575	626	603	480	513
Other Service Charges	91	96	91	82	95
ATM/Billpay/DR Card Income	414	403	402	408	392
Other Income	2,585	1,775	1,270	1,028	1,017
Total Other Income	\$3,770	\$3,002	\$2,472	\$2,097	\$2,116

Non-Interest Expense

Salaries, Other Comp (+ FAS123R)	\$2,924	\$2,720	\$2,529	\$2,610	\$2,492
Employee Benefits	719	571	432	672	440
Occupancy & FF& E Expense	888	920	1,023	935	1,004
Professional Fees	469	419	293	229	249
Data Processing	301	295	306	282	221
OREO and Credit related Exp.	223	-35	287	230	67
Other Expense	3,613	2,474	1,978	1,613	1,575
Total Noninterest Expenses	\$9,137	\$7,364	\$6,848	\$6,571	\$6,048
Pre-Tax Income (Loss)	\$(865)	\$60	\$26	\$(396)	\$477
Income Taxes	-	-	-	-	-
Net Income	\$(865)	\$60	\$26	\$(396)	\$477

**Balance Sheet
(\$000s, Unaudited)**

	2014			2015	
<u>Assets</u>	Q2	Q3	Q4	Q1	Q2
Current Assets					
Cash & Due from Bank	\$26,083	\$18,238	\$16,991	\$34,459	\$22,335
Federal Funds/Overnight Funds	31,083	50,260	34,182	17,067	10,736
Bank Owned CDs	2,965	2,231	2,974	1,814	1,814
Investment Securities	166,182	164,971	190,864	188,864	179,276
Mortgage Loans Held for Sale	13,343	5,376	932	3,985	1,869
Total Current Assets	\$239,656	\$241,076	\$245,943	\$246,189	\$216,030
Loans					

Construction and Development	\$16,791	\$13,489	\$15,187	\$15,218	\$16,495
Commercial Real Estate	96,664	105,664	104,493	102,069	106,549
Commercial Loans	14,573	16,817	17,399	17,679	18,646
Multi Family	1,142	1,112	1,589	1,543	2,187
Residential Mortgage	109,916	107,234	110,347	105,021	116,961
Consumer Loans	16,125	15,345	14,215	12,790	11,787
County/Municipal Loans	4,190	5,110	4,343	5,178	7,631
Loss Share Loans	12,844	12,407	12,447	10,837	10,815
Total Loans	\$272,245	\$277,178	\$280,020	\$270,334	\$291,071
Allowance for Loss	<u>(3,914)</u>	<u>(3,723)</u>	<u>(3,675)</u>	<u>(3,121)</u>	<u>(3,263)</u>
Net Loans	\$268,331	\$273,455	\$276,345	\$267,213	\$287,808
OREO	4,932	5,320	4,473	4,284	3,552
FDIC Indemnification	3,139	1,685	1,537	1,089	503
BOLI	19,442	19,574	19,710	19,834	19,995
Fixed Assets, net	19,509	19,503	\$19,255	\$18,978	\$18,720
Intangible Assets	747	657	583	573	535
Other Assets	<u>6,926</u>	<u>6,917</u>	<u>7,523</u>	<u>7,964</u>	<u>6,552</u>
Total Assets	\$562,682	\$568,187	\$575,369	\$566,124	\$553,695

**Liabilities & Stockholders'
Equity**

Liabilities

Deposits

DDAs	\$123,672	\$122,374	\$125,699	\$121,381	\$120,659
Interest Bearing Demand	51,018	54,661	64,178	61,685	53,979
Celebration Checking	34,977	54,072	64,998	75,844	82,246
Money Market Accts	57,056	49,594	44,434	41,871	42,004
Savings	64,134	63,001	59,251	59,859	57,887
CDs Less Than \$100k	102,512	98,984	94,923	91,545	88,158
CDs Greater than \$100k	<u>55,634</u>	<u>53,502</u>	<u>51,685</u>	<u>50,060</u>	<u>49,697</u>
Total Deposits	\$489,003	\$496,188	\$505,168	\$502,245	\$494,630

Other Liabilities	11,263	10,695	9,361	11,363	6,684
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Net Borrowings (Wholesale Funding)	900	-	-	-	-
Total Liabilities	\$501,166	\$506,883	\$514,529	\$513,607	\$501,314
Total Equity	61,516	61,304	60,840	52,517	52,381
Total Liabilities & Stockholders' Equity	\$562,682	\$568,187	\$575,369	\$566,124	\$553,695

Ratios

	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015
ROAA	-0.67%	0.04%	0.02%	-0.07%	0.34%
ROAE	-6.00%	0.34%	0.17%	-0.66%	3.65%
NPAs/Assets (Core)	1.90%	2.44%	1.92%	1.68%	1.68%
Tier 1 Leverage	10.80%	10.78%	10.05%	8.78 %	8.81 %
Total Common Equiv. Shares	8,380,337	8,380,337	8,380,337	8,380,337	8,380,337
NIM	3.67%	3.77%	3.68%	3.60%	3.81%
Cost of Funds	0.27%	0.28%	0.28%	0.26%	0.25%
Loan/Deposit	55.7%	55.9%	55.4%	54.5%	58.8%
Employees	221	190	187	172	170