



NEWS

Contact: Andrew Bowen, APR
ab@clearviewcom.com
404-822-3309

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SouthCrest Financial Group Reports Preliminary 3Q18 Earnings

ATLANTA, GA – Brian D. Schmitt, Chief Executive Officer of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the Company reported preliminary earnings of \$1.1MM or \$0.13/share for the third quarter ended September 30, 2018. Excluding the impact of one-time items, net income would have been \$1.2MM or \$0.14/share.

“In the third quarter of 2018 SouthCrest was operating on nearly all cylinders. Loan growth was 21% annualized, our deposit balances remained above our internal projections during the seasonally weakest quarter of the year, we were able to exit our FDIC loss share agreement with a minimal financial loss, and core expenses were under \$4.2MM. This resulted in the best core profitability the Company has seen since the mid-2000s.”

“We do expect to see loan growth in the low single digit annualized range in the fourth quarter and we expect to see good seasonal deposit growth for the quarter and for the year. Finally, we have announced a \$0.03/ share regular quarterly dividend in the fourth quarter. These dividends will be payable November 15, 2018 to holders of record on November 1, 2018.”

Total assets were up slightly from 2Q, and up year over year at \$544.0MM vs. 541.3MM in 2Q18 and \$535.0MM in 3Q17.

Deposit balances were down sequentially due to seasonal factors, but overall balances were stronger than internal projections. Total deposits were up 2% from 3Q17, with a 5% increase in non-maturity deposits from the previous year’s 3Q.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 8.94%. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$6.27 per share. This metric will continue to be influenced by OCI changes resulting from the swings in interest rates. Currently, the negative impact to TBV by OCI is -\$0.55/share vs. -\$0.45/share as of 2Q18. Excluding the OCI impact, TBV/share grew \$0.09 during the quarter. The current fully converted share count at the end of

the quarter was 8.42 million shares. In addition, the Company still retains a small deferred tax asset valuation allowance related to state taxes that totals approximately \$0.07/fully converted share.

Asset quality ratios remained within a reasonable range during the quarter, with NPAs to assets moving down slightly to 1.11% from 1.25%, excluding the \$540,000 of a former bank building in OREO. Including this building, 3Q18 NPAs/total assets were 1.21% of assets vs. 1.39% in 2Q18. Excluding the impact of the Bank buildings in OREO, OREO balances were just \$180,000.

ABOUT SOUTHCREST

SouthCrest Financial Group, Inc. is a bank holding company with over half a billion dollars in assets, headquartered in Atlanta, GA. The company operates a 9 branch network throughout Georgia through its subsidiary bank, SouthCrest Bank, N.A. The bank provides a full suite of retail, private, entrepreneurial, high-net-worth and commercial banking services, and online banking services.

FORWARD LOOKING STATEMENTS

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)

	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Interest Income					
Loans					
Construction and Development	\$238	\$360	\$535	\$479	\$560
Commercial Real Estate	1,767	1,669	1,667	1,696	1,776
Commercial Loans	378	368	341	370	454
Multi Family	29	30	28	28	27
Residential Mortgage	1,140	1,117	1,087	1,116	1,119
Consumer Loans	61	68	57	56	51
County/Municipal Loans	24	24	23	23	23
Loss Share Loans	89	81	80	79	70
Investment Securities					
Federal Funds/Overnight Funds	\$97	\$99	\$98	\$48	\$41
Bank Owned CDs	5	7	6	6	7
Investment Securities	922	1,036	1,187	1,214	1,181
Total Interest Income	\$4,750	\$4,859	\$5,109	\$5,115	\$5,311
Total Interest Expense	\$293	\$393	\$460	\$506	\$586
Net Interest Income	\$4,457	\$4,466	\$4,649	\$4,609	\$4,725
Provision for Loan Losses	0	0	125	0	46
Net Interest Income after Loan Losses	\$4,457	\$4,466	\$4,524	\$4,609	\$4,679
Other Income					
Service Charges on Deposits	\$201	\$174	\$168	\$165	\$169
NSF/Overdraft Fees	494	393	350	334	350
Other Service Charges	68	63	64	63	62
ATM/Billpay/DR Card Income	284	266	262	280	273
Other Income	1,920	(969)	227	125	316
Total Other Income	\$2,967	\$(73)	\$1,071	\$967	\$1,170
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,869	\$1,977	\$1,948	\$1,969	\$1,889
Employee Benefits	395	409	473	524	435
Occupancy & FF&E Expense	740	934	653	590	621
Professional Fees	201	154	161	156	305
Data Processing	561	488	480	489	485
Other Expense	754	825	883	832	693
Total Noninterest Expenses	\$4,520	\$4,787	\$4,598	\$4,560	\$4,428
Pre-Tax Income (Loss)	\$2,904	\$(394)	\$997	\$1,016	\$1,421
Income Taxes	1,036	4,192	197	210	319
Net Income	\$1,868	\$(4,586)	\$800	\$806	\$1,102
Preferred Dividends	\$0	\$0	\$0	\$0	\$0

Balance Sheet
(\$000s, Unaudited)

Assets	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Current Assets					
Cash & Due from Bank	\$32,153	\$42,146	\$24,603	\$18,408	\$14,189
Federal Funds/Overnight Funds	1,150	2,356	0	5,446	0
Bank Owned CDs	1,319	1,319	1,319	1,319	1,322
Investment Securities	157,261	165,203	182,569	169,924	166,632
Total Current Assets	\$191,883	\$211,024	\$208,491	\$195,097	\$182,143
Loans					
Construction and Development	\$14,400	\$31,184	\$31,475	\$34,157	\$43,113
Commercial Real Estate	138,550	133,191	138,931	134,653	148,219
Commercial Loans	27,719	26,681	28,048	29,873	29,997
Multi Family	2,330	2,283	2,150	2,230	1,518
Residential Mortgage	89,760	87,001	92,973	92,346	88,357
Consumer Loans	14,086	3,304	5,738	3,361	2,143
County/Municipal Loans	2,791	2,771	2,511	2,480	2,459
Loss Share Loans	4,659	4,593	4,536	4,480	3,466
Total Loans	\$294,132	\$291,008	\$306,362	\$303,581	\$319,272
Allowance for Loss	<u>(2,813)</u>	<u>(2,820)</u>	<u>(3,028)</u>	<u>(3,037)</u>	<u>(3,060)</u>
Net Loans	\$291,482	\$288,188	\$303,334	\$300,544	\$316,212
OREO	2,194	2,760	2,697	879	720
FDIC Indemnification	112	112	112	112	0
BOLI	21,227	21,359	21,490	21,640	21,773
Fixed Assets, net	11,868	9,915	10,166	9,970	9,733
Intangible Assets	326	242	197	152	126
Other Assets	<u>15,867</u>	<u>11,754</u>	<u>13,228</u>	<u>12,880</u>	<u>13,365</u>
Total Assets	\$534,959	\$545,354	\$559,715	\$541,274	\$544,072

Liabilities & Stockholders'

Equity

Liabilities

Deposits

DDAs	\$93,150	\$99,906	\$95,714	\$97,587	\$88,768
Interest Bearing Demand	58,723	73,555	76,198	81,262	64,684
Celebration Checking	105,514	102,368	105,247	105,358	101,474
Money Market Accts	29,869	29,699	29,673	30,402	47,286
Savings	44,703	43,147	44,030	43,862	44,139
CDs Less Than \$100k	61,548	59,273	57,827	57,600	57,349

CDs Greater than \$100k	<u>36,234</u>	<u>36,723</u>	<u>37,232</u>	<u>30,477</u>	<u>34,795</u>
Total Deposits	\$428,929	\$444,671	\$445,921	\$446,548	\$438,495
Other Liabilities	2,223	7,067	1,639	1,874	2,115
Net Borrowings (Wholesale Funding)	40,000	40,000	59,666	40,000	50,641
Total Liabilities	\$471,152	\$491,738	\$507,226	\$488,422	\$491,251
Total Equity	63,807	53,616	52,489	52,852	52,821
Total Liabilities & Stockholders' Equity	\$534,959	\$545,354	\$559,715	\$541,274	\$544,072

Ratios

	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018
ROAA	1.40%	-0.84%	0.58%	0.59%	0.81%
ROAE	11.86%	-7.81%	6.03%	6.12%	8.35%
NPAs/Assets (Core)	0.91%	1.05%	0.99%	1.25%	1.11%
Est. T1 Leverage (Bank)	10.00%	8.27%	8.42%	8.56%	8.94%
Total Common Equiv. Shares	8,410,332	8,413,372	8,413,372	8,413,372	8,421,992
NIM	3.70%	3.68%	3.83%	3.73%	3.78%
Cost of Deposits	0.23%	0.24%	0.24%	0.25%	0.33%
Loan/Deposit	68.5%	65.3%	68.3%	68.0%	72.5%
Employees	114	115	116	115	110