



NEWS

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SouthCrest Financial Group Reports preliminary 1Q18 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 \$0.8MM or \$0.10/share for the first quarter ended March 31, 2018. Excluding the impact of one-time items, net income would have been \$0.9MM or \$0.11/share.

“We had a very successful first quarter, growing our balance sheet and improving the momentum at SouthCrest. We are now fully staffed in the commercial lending area in Atlanta. In addition, we hired a senior treasury management professional with deep relationships in the metro area. Loan growth was over \$15 million or 21% annualized from the fourth quarter, which was above plan. We are obviously pleased with the loan production and, with the full lending staff now in place, we expect to have strong loan growth for the remainder of 2018. We were also able to grow deposits slightly in a quarter that has averaged a 7% annualized decline due to seasonality over the past 3 years. We believe all of these items are the beginning of a positive year for SouthCrest.

“We were excited to recently announce the initiation of a \$0.03/ share regular quarterly dividend for the first time since 2009. These dividends will be payable May 15, 2018 to holders of record on May 1, 2018.”

Total assets grew from \$552.4MM in 4Q17 to \$559.7MM in 1Q18, overcoming the negative impact of the \$5.1MM special dividend payment in February. Total assets were up slightly over 2% year over year.

Deposit balances were up sequentially 1% annualized versus average first quarter annualized declines of nearly 7% over the past three years. Total deposits at the end of 1Q18 were \$445.9MM vs. \$444.7MM as of 4Q17 and \$435.8MM as of 1Q17 (adjusted for the Alabama branch sale).

Non-interest expenses for the quarter were \$4.6 million, which was higher than plan. There were \$225,000 of one-time expenses, primarily related to the facilities consolidation that occurred during the quarter and benefit expenses.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 8.46%. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$6.24 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 -\$0.42/share vs. -\$0.19/share as of 4Q17. Excluding the OCI impact, TBV/share grew \$0.10 during the quarter. The current fully converted share count at the end of the quarter remained 8.41 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 remained steady during the quarter, with NPAs to assets ticking down slightly to 0.99% from 1.05%, excluding the \$2.5 million of former bank buildings in OREO, one of which is under contract and expected to close in 2Q18. Including these buildings, 1Q18 NPAs/total assets were 1.44% of assets vs. 1.51% in 4Q17. Excluding the impact of the Bank buildings in OREO, OREO balances were just \$97,000.

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)**

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Interest Income					
Loans					
Construction and Development	\$197	\$198	\$238	\$360	\$535
Commercial Real Estate	1,691	1,737	1,767	1,669	1,667
Commercial Loans	316	341	378	368	341
Multi Family	27	26	29	30	28
Residential Mortgage	1,190	1,209	1,140	1,117	1,087
Consumer Loans	117	109	61	68	57
County/Municipal Loans	25	25	24	24	23
Loss Share Loans	111	33	89	81	80
Investment Securities					
Federal Funds/Overnight Funds	\$58	\$77	\$97	\$99	\$98
Bank Owned CDs	5	6	5	7	6
Investment Securities	967	872	922	1,036	1,187
Total Interest Income	\$4,705	\$4,633	\$4,750	\$4,859	\$5,109
Total Interest Expense	\$249	\$250	\$293	\$393	\$460
Net Interest Income	\$4,456	\$4,383	\$4,457	\$4,466	\$4,649
Provision for Loan Losses	106	70	0	0	125
Net Interest Income after Loan Losses	\$4,349	\$4,314	\$4,457	\$4,466	\$4,524
Other Income					
Service Charges on Deposits	\$216	\$209	\$201	\$174	\$168
NSF/Overdraft Fees	488	491	494	393	350
Other Service Charges	75	78	68	63	64
ATM/Billpay/DR Card Income	296	307	284	266	262
Other Income	451	541	1,920	(969)	227
Total Other Income	\$1,526	\$1,626	\$2,967	\$(73)	\$1,071
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,799	\$1,874	\$1,869	\$1,977	\$1,948
Employee Benefits	438	378	395	409	473
Occupancy & FF&E Expense	739	765	740	934	653
Professional Fees	190	157	201	154	161
Data Processing	498	549	561	488	480
Other Expense	816	707	754	825	883
Total Noninterest Expenses	\$4,480	\$4,430	\$4,520	\$4,787	\$4,598
Pre-Tax Income (Loss)	\$1,395	\$1,510	\$2,904	\$(394)	\$997

Income Taxes	465	488	1,036	4,192	197
Net Income	\$930	\$1,022	\$1,868	\$(4,586)	\$800
Preferred Dividends	\$125	\$57	\$0	\$0	\$0

Balance Sheet
(\$000s,
Unaudited)

Assets	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Current Assets					
Cash & Due from Bank	\$41,302	\$31,852	\$32,153	\$42,146	\$24,603
Federal Funds/Overnight Funds	6,688	5,355	1,150	2,356	0
Bank Owned CDs	1,069	1,069	1,319	1,319	1,319
Investment Securities	152,583	144,740	157,261	165,203	182,569
Total Current Assets	\$201,642	\$183,016	\$191,883	\$211,024	\$208,491
Loans					
Construction and Development	\$12,486	\$15,604	\$14,400	\$31,184	\$31,475
Commercial Real Estate	140,003	143,883	138,550	133,191	138,931
Commercial Loans	23,923	27,884	27,719	26,681	28,048
Multi Family	2,093	2,050	2,330	2,283	2,150
Residential Mortgage	98,302	95,682	89,760	87,001	92,973
Consumer Loans	6,117	5,874	14,086	3,304	5,738
County/Municipal Loans	2,999	2,971	2,791	2,771	2,511
Loss Share Loans	6,626	5,755	4,659	4,593	4,536
Total Loans	\$292,549	\$299,703	\$294,132	\$291,008	\$306,362
Allowance for Loss	<u>(2,797)</u>	<u>(2,875)</u>	<u>(2,813)</u>	<u>(2,820)</u>	<u>(3,028)</u>
Net Loans	\$289,752	\$296,828	\$291,482	\$288,188	\$303,334
OREO	2,728	2,315	2,194	2,760	2,697
FDIC Indemnification	238	112	112	112	112
BOLI	20,947	21,094	21,227	21,359	21,490
Fixed Assets, net	13,429	13,406	11,868	9,915	10,166
Intangible Assets	420	373	326	242	197
Other Assets	<u>17,428</u>	<u>16,564</u>	<u>15,867</u>	<u>11,754</u>	<u>13,228</u>
Total Assets	\$546,584	\$533,708	\$534,959	\$545,354	\$559,715

Liabilities & Stockholders'

Equity**Liabilities****Deposits**

DDAs	\$112,286	\$106,968	\$93,150	\$99,906	\$95,714
Interest Bearing Demand	63,949	63,481	58,723	73,555	76,198
Celebration Checking	113,548	112,731	105,514	102,368	105,247
Money Market Accts	27,942	28,689	29,869	29,699	29,673
Savings	51,304	51,095	44,703	43,147	44,030
CDs Less Than \$100k	70,020	67,892	61,548	59,273	57,827
CDs Greater than \$100k	<u>39,966</u>	<u>38,952</u>	<u>36,234</u>	<u>36,723</u>	<u>37,232</u>
Total Deposits	\$479,018	\$469,809	\$428,929	\$444,671	\$445,921

Other Liabilities	1,632	1,763	2,223	7,067	1,639
Net Borrowings (Wholesale Funding)	-	-	40,000	40,000	59,666
Total Liabilities	\$480,650	\$471,572	\$471,152	\$491,738	\$507,226
Total Equity	65,934	62,136	63,807	53,616	52,489
Total Liabilities & Stockholders' Equity	\$546,584	\$533,708	\$534,959	\$545,354	\$559,715

Ratios

	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018
ROAA	0.72%	0.76%	1.40%	-0.84%	0.58%
ROAE	6.78%	6.57%	11.86%	-7.81%	6.03%
NPAs/Assets (Core)	0.84%	0.76%	0.91%	1.05%	0.99%
Est. T1 Leverage (Bank)	8.87%	9.31%	10.00%	8.27%	8.42%
Total Common Equiv. Shares	8,389,954	8,395,696	8,410,332	8,413,372	8,413,372
NIM	3.72%	3.68%	3.70%	3.68%	3.83%
Cost of Deposits	0.21%	0.21%	0.23%	0.24%	0.24%
Loan/Deposit	60.3%	63.7%	68.5%	65.3%	68.3%
Employees	122	122	114	115	116