



## SouthCrest Financial Group Reports Preliminary 1Q15 Results

Company release – May 6, 2015

PEACHTREE CITY, GA –Kenneth H. Maloy, President and CEO of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the company reported a preliminary net loss for the first quarter of 2015 of \$375,000. “There were several moving pieces that impacted our first quarter results. We exited the non-single family residential portion of our loss share agreement that resulted in \$279,000 of expense and we completed an additional personnel downsizing that resulted in severance expenses of nearly \$170,000. We also completed a sale of nearly \$4 million of non-performing TDR loans and exited some additional OREO which was offset by securities gains. Core earnings for the quarter excluding these items was \$74,000.”

As previously announced, the Company also redeemed \$8.0 million of its Series A Preferred Stock (the former TARP shares) during the quarter from cash on hand.

Loan growth was somewhat weaker than expected, especially early in the quarter, with total loans declining approximately \$4 million excluding the loans sold. However activity reaccelerated later in the quarter and Management expects to report solid loan growth in 2Q15.

The loan sale occurred in two tranches, a 1-4 family pool and a CRE pool and while it formally closed in April, the financial impact is recorded in 1Q. Including all related expenses, the Company realized a loss of approximately 16% of the loan book balance

The Company has continued to focus on expenses, with core non-interest expense (excluding severance, loss share and consolidation expenses) down \$280,000 in 1Q15 from 4Q14. Management expects this number to continue to trend downwards in 2Q.

The estimated Tier 1 Leverage ratio at the end of the quarter was 8.78%. On a fully converted basis (including the conversion of all preferred equity) TBV/share was negatively impacted by the TARP dividends, although the redemption will lower future dividends by approximately \$180,000/quarter, and ended the quarter at \$5.60 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).

SouthCrest maintains a single family residential loss sharing agreement, related to the purchase of a small failed bank in 2010. The non-residential portfolio loss share agreement expired at the end of the first quarter. The indemnification asset is now down to \$1.1 million from \$1.5 million at the end of 4Q14 and \$4.6 million as of 1Q14, and should decline meaningfully in 2Q15.

Asset quality improved significantly as a result of the previously mentioned troubled loan sale. The non-performing assets/total assets (excluding loss share assets) ratio moved down 1.68%, the lowest level since the beginning of the recession.

SouthCrest Financial Group, Inc. is a \$570 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
	Q1	Q2	Q3	Q4	Q1
<b>Interest Income</b>					
Loans					
Construction and Development	\$215	\$231	\$262	\$216	\$219
Commercial Real Estate	1,081	1,173	1,297	1,371	1,275
Commercial Loans	185	162	214	319	245
Multi Family	17	13	14	17	20
Residential Mortgage	1,430	1,573	1,518	1,408	1,355
Consumer Loans	384	343	305	267	241
County/Municipal Loans	31	32	34	42	36
Loss Share Loans	310	236	200	194	169
<b>Investment Securities</b>					
Federal Funds/Overnight Funds	\$66	\$44	\$20	\$35	\$122
Bank Owned CDs	8	7	6	4	8
Investment Securities	767	1,022	975	971	1,058
<b>Total Interest Income</b>	<b>\$4,494</b>	<b>\$4,836</b>	<b>\$4,845</b>	<b>\$4,844</b>	<b>\$4,649</b>

<b>Total Interest Expense</b>	\$327	\$334	\$348	\$347	\$329
<b>Net Interest Income</b>	\$4,167	\$4,502	\$4,497	\$4,497	\$4,320
Provision for Loan Losses	-	-	75	95	224
<b>Net Interest Income after Loan Losses</b>	\$4,167	\$4,502	\$4,422	\$4,402	\$4,096
<b>Other Income</b>					
Service Charges on Deposits	\$108	\$105	\$102	\$106	\$99
NSF/Overdraft Fees	526	575	626	603	480
Other Service Charges	89	91	96	91	82
ATM/Billpay/DR Card Income	394	414	403	402	408
Gain on Sale of loans	364	581	566	476	467
Other Income	1,676	2,004	1,209	794	783
<b>Total Other Income</b>	\$3,157	\$3,770	\$3,002	\$2,472	\$2,319
<b>Non-Interest Expense</b>					
Salaries, Other Comp (+ FAS123R)	\$2,930	\$2,924	\$2,720	\$2,529	\$2,610
Employee Benefits	658	719	571	432	672
Occupancy & FF& E Expense	857	888	920	1,023	935
Professional Fees	333	469	419	293	229
Data Processing	247	301	295	306	282
OREO and Credit related Exp.	295	223	-35	287	230
Other Expense	2,962	3,613	2,474	1,978	1,333
<b>Total Noninterest Expenses</b>	\$8,282	\$9,137	\$7,364	\$6,848	\$6,291
<b>Pre-Tax Income (Loss)</b>	\$(958)	\$(865)	\$60	\$26	\$(375)
Income Taxes	-	-	-	-	-
<b>Net Income</b>	\$(958)	\$(865)	\$60	\$26	\$(375)

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

	2014			2015	
<u>Assets</u>	Q1	Q2	Q3	Q4	Q1
<b>Current Assets</b>					
Cash & Due from Bank	\$27,766	\$26,083	\$18,238	\$16,991	\$34,459

Federal Funds/Overnight Funds	75,795	31,083	50,260	34,182	17,067
Bank Owned CDs	3,762	2,965	2,231	2,974	1,814
Investment Securities	143,221	166,182	164,971	190,864	188,864
Mortgage Loans Held for Sale	7,548	13,343	5,376	932	3,872
<b>Total Current Assets</b>	<b>\$258,092</b>	<b>\$239,656</b>	<b>\$241,076</b>	<b>\$245,943</b>	<b>\$246,076</b>

**Loans**

Construction and Development	\$17,344	\$16,791	\$13,489	\$15,187	\$15,316
Commercial Real Estate	85,158	96,664	105,664	104,493	102,720
Commercial Loans	9,352	14,573	16,817	17,399	17,792
Multi Family	2,112	1,142	1,112	1,589	1,553
Residential Mortgage	107,654	109,916	107,234	110,347	105,691
Consumer Loans	17,283	16,125	15,345	14,215	12,872
County/Municipal Loans	3,684	4,190	5,110	4,343	5,210
Loss Share Loans	13,957	12,844	12,407	12,447	10,837
<b>Total Loans</b>	<b>\$256,544</b>	<b>\$272,245</b>	<b>\$277,178</b>	<b>\$280,020</b>	<b>\$272,010</b>

Allowance for Loss	<u>(4,294)</u>	<u>(3,914)</u>	<u>(3,723)</u>	<u>(3,675)</u>	<u>(3,110)</u>
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<b>Net Loans</b>	<b>\$252,250</b>	<b>\$268,331</b>	<b>\$273,455</b>	<b>\$276,345</b>	<b>\$268,895</b>
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OREO	4,763	4,932	5,320	4,473	4,284
FDIC Indemnification	4,642	3,139	1,685	1,537	1,089
BOLI	19,283	19,442	19,574	19,710	19,834
Fixed Assets, net	19,314	19,509	19,503	\$19,255	\$18,978
Intangible Assets	838	747	657	583	573
Other Assets	<u>6,979</u>	<u>6,926</u>	<u>6,917</u>	<u>7,523</u>	<u>6,819</u>
<b>Total Assets</b>	<b>\$566,161</b>	<b>\$562,682</b>	<b>\$568,187</b>	<b>\$575,369</b>	<b>\$566,189</b>

**Liabilities & Stockholders'**

**Equity**

**Liabilities**

Deposits

DDAs	\$126,454	\$123,672	\$122,374	\$125,699	\$121,381
Interest Bearing Demand	52,320	51,018	54,661	64,178	61,685
Celebration Checking	33,292	34,977	54,072	64,998	75,844
Money Market Accts	53,658	57,056	49,594	44,434	41,871

Savings	65,174	64,134	63,001	59,251	59,859
CDs Less Than \$100k	104,808	102,512	98,984	94,923	91,545
CDs Greater than \$100k	<u>57,230</u>	<u>55,634</u>	<u>53,502</u>	<u>51,685</u>	<u>50,060</u>
<b>Total Deposits</b>	<b>\$492,936</b>	<b>\$489,003</b>	<b>\$496,188</b>	<b>\$505,168</b>	<b>\$502,244</b>
Other Liabilities	10,585	11,263	10,695	9,361	11,363
Net Borrowings (Wholesale Funding)	-	900	-	-	-
<b>Total Liabilities</b>	<b>\$503,521</b>	<b>\$501,166</b>	<b>\$506,883</b>	<b>\$514,529</b>	<b>\$513,607</b>
<b>Total Equity</b>	<b>62,640</b>	<b>61,516</b>	<b>61,304</b>	<b>60,840</b>	<b>52,582</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$566,161</b>	<b>\$562,682</b>	<b>\$568,187</b>	<b>\$575,369</b>	<b>\$566,189</b>

### Ratios

	<b>1Q 2014</b>	<b>2Q 2014</b>	<b>3Q 2014</b>	<b>4Q 2014</b>	<b>1Q 2015</b>
ROAA	-0.68%	-0.67%	0.04%	0.02%	-0.07%
ROAE	-6.09%	-6.00%	0.34%	0.17%	-0.66%
NPA's/Assets (Core)	1.84%	1.90%	2.44%	1.92%	1.68%
Tier 1 Leverage	10.97%	10.80%	10.78%	10.05%	8.78 %
Total Common Equiv. Shares	8,380,337	8,380,337	8,380,337	8,380,337	8,380,337
NIM	3.42%	3.67%	3.77%	3.68%	3.60%
Cost of Funds	0.27%	0.27%	0.28%	0.28%	0.26%
Loan/Deposit	52.0%	55.7%	55.9%	55.4%	54.5%