



## SouthCrest Financial Group Reports Preliminary 1Q16 Earnings

Company release – April 21, 2016

PEACHTREE CITY, GA – Andrew Borrmann, Chief Financial Officer of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the company reported preliminary net income of \$913,000 or \$0.11/share. “The ongoing cost control initiatives continued to bear fruit with an expense run rate of \$19.3 million/year in March vs. a run rate of just under \$22 million/year in December. We continue to be confident with the Company’s earlier guidance of a 3Q16 run rate of under \$18 million/year.” Borrmann continued “The efforts of all our employees during this period of expense rationalization have been critical to the profitability that occurred in the first quarter. As a result this profitability improvement, we expect to reverse the valuation allowance on our deferred tax asset sometime in the next few months.”

Deposits fell during the first quarter, seasonally consistent with historical trends at SouthCrest, due to public funds relationships.

The estimated Tier 1 Leverage ratio at the end of the quarter was 8.94%. On a fully converted basis (including the conversion of all preferred equity) TBV/share ended the quarter at \$5.75 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 \$1.36/fully converted share.

Asset quality continued its multi-quarter improvement trend with 1Q16 NPAs/total assets declining by 22 basis points to 1.18%. This was primarily due to the sale of the Company’s largest single OREO property during the quarter. Other real estate owned declined by nearly 40% from 4Q15 and now stands at \$1.5 million.

SouthCrest Financial Group, Inc. is a \$555 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 a full suite of retail and commercial banking services, SBA lending, 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)**

	2015			2016	
	Q1	Q2	Q3	Q4	Q1
<b>Interest Income</b>					
Loans					
Construction and Development	\$219	\$231	\$261	\$205	\$205
Commercial Real Estate	1,274	1,374	1,483	1,512	1,451
Commercial Loans	245	261	301	275	277
Multi Family	20	26	29	27	25
Residential Mortgage	1,354	1,464	1,521	1,454	1,401
Consumer Loans	241	212	197	178	164
County/Municipal Loans	36	43	59	65	65
Loss Share Loans	169	324	214	140	116
<b>Investment Securities</b>					
Federal Funds/Overnight Funds	\$22	\$16	\$11	\$22	\$38
Bank Owned CDs	8	7	7	8	7
Investment Securities	1,058	960	904	916	1030
<b>Total Interest Income</b>	<b>\$4,646</b>	<b>\$4,918</b>	<b>\$4,987</b>	<b>\$4,803</b>	<b>\$4,779</b>
<b>Total Interest Expense</b>	\$329	\$309	\$308	\$302	\$299
<b>Net Interest Income</b>	<b>\$4,320</b>	<b>\$4,611</b>	<b>\$4,679</b>	<b>\$4,501</b>	<b>\$4,480</b>
Provision for Loan Losses	239	200	0	150	50
<b>Net Interest Income after Loan Losses</b>	<b>\$4,078</b>	<b>\$4,409</b>	<b>\$4,679</b>	<b>\$4,351</b>	<b>\$4,430</b>
<b>Other Income</b>					
Service Charges on Deposits	\$99	\$99	\$113	\$110	\$105
NSF/Overdraft Fees	480	513	543	525	475
Other Service Charges	82	95	78	93	74
ATM/Billpay/DR Card Income	408	392	352	370	293
Other Income	1,028	1,017	973	475	829
<b>Total Other Income</b>	<b>\$2,097</b>	<b>\$2,116</b>	<b>\$2,059</b>	<b>\$1,535</b>	<b>\$1,776</b>

**Non-Interest Expense**

Salaries, Other Comp (+ FAS123R)	\$2,610	\$2,492	\$2,419	\$2,257	\$2,006
Employee Benefits	672	440	424	645	591
Occupancy & FF&E Expense	935	1,004	1,020	919	933
Professional Fees	229	249	206	263	174
Data Processing	282	221	244	321	305
OREO and Credit related Exp.	230	67	156	146	41
Other Expense	1,613	1,575	1,608	1,409	1,243
<b>Total Noninterest Expenses</b>	<b>\$6,571</b>	<b>\$6,048</b>	<b>\$6,077</b>	<b>\$5,927</b>	<b>\$5,293</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$(396)</b>	<b>\$477</b>	<b>\$661</b>	<b>\$(36)</b>	<b>\$913</b>
Income Taxes	-	-	-	-	-
<b>Net Income</b>	<b>\$(396)</b>	<b>\$477</b>	<b>\$661</b>	<b>\$(36)</b>	<b>\$913</b>
<b>Preferred Dividends</b>	<b>\$305</b>	<b>\$125</b>	<b>\$125</b>	<b>\$125</b>	<b>\$125</b>

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

	<b>2015</b>				<b>2016</b>
<u>Assets</u>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>
<b>Current Assets</b>					
Cash & Due from Bank	\$34,459	\$22,335	\$20,355	\$44,157	\$30,427
Federal Funds/Overnight Funds	17,067	10,736	14,171	2,186	3,306
Bank Owned CDs	1,814	1,814	1,815	1,815	1,815
Investment Securities	188,864	179,276	145,247	174,998	191,905
Mortgage Loans Held for Sale	3,985	1,869	3,011	899	0
<b>Total Current Assets</b>	<b>\$246,189</b>	<b>\$216,030</b>	<b>\$184,599</b>	<b>\$224,055</b>	<b>\$227,452</b>
<b>Loans</b>					
Construction and Development	\$15,218	\$16,495	\$16,165	\$16,229	\$13,692
Commercial Real Estate	102,069	106,549	119,888	118,780	116,175
Commercial Loans	17,679	18,646	21,236	21,246	21,296
Multi Family	1,543	2,187	2,152	2,117	1,450
Residential Mortgage	105,021	116,961	116,969	114,803	110,094

Consumer Loans	12,790	11,787	10,814	9,657	7,096
County/Municipal Loans	5,178	7,631	12,293	3,911	3,537
Loss Share Loans	10,837	10,815	10,345	9,543	9,360
<b>Total Loans</b>	<b>\$270,334</b>	<b>\$291,071</b>	<b>\$309,862</b>	<b>\$296,286</b>	<b>\$282,700</b>
Allowance for Loss	<u>(3,121)</u>	<u>(3,263)</u>	<u>(2,881)</u>	<u>(3,052)</u>	<u>(3,021)</u>
<b>Net Loans</b>	<b>\$267,213</b>	<b>\$287,808</b>	<b>\$306,981</b>	<b>\$293,234</b>	<b>\$279,679</b>
OREO	4,284	3,552	3,331	2,421	1,500
FDIC Indemnification	1,089	503	498	474	419
BOLI	19,834	19,995	20,130	20,265	20,391
Fixed Assets, net	\$18,978	\$18,720	\$18,553	\$18,214	\$17,671
Intangible Assets	573	535	648	618	583
Other Assets	<u>7,964</u>	<u>6,552</u>	<u>6,339</u>	<u>6,983</u>	<u>6,651</u>
<b>Total Assets</b>	<b>\$566,124</b>	<b>\$553,695</b>	<b>\$541,079</b>	<b>\$566,264</b>	<b>\$554,346</b>

#### Liabilities & Stockholders'

##### Equity

##### Liabilities

##### Deposits

DDAs	\$121,381	\$120,659	\$114,345	\$130,877	\$119,343
Interest Bearing Demand	61,685	53,979	50,965	62,784	61,172
Celebration Checking	75,844	82,246	90,893	97,316	108,076
Money Market Accts	41,871	42,004	41,731	38,643	35,289
Savings	59,859	57,887	56,517	55,550	55,831
CDs Less Than \$100k	91,545	88,158	84,510	81,930	79,221
CDs Greater than \$100k	<u>50,060</u>	<u>49,697</u>	<u>46,603</u>	<u>44,080</u>	<u>39,576</u>
<b>Total Deposits</b>	<b>\$502,245</b>	<b>\$494,630</b>	<b>\$485,564</b>	<b>\$511,180</b>	<b>\$498,508</b>

Other Liabilities	11,363	6,684	2,414	2,690	1,988
Net Borrowings (Wholesale Funding)	-	-	-	-	-
<b>Total Liabilities</b>	<b>\$513,607</b>	<b>\$501,314</b>	<b>\$487,978</b>	<b>\$513,870</b>	<b>\$500,496</b>
<b>Total Equity</b>	<b>52,517</b>	<b>52,381</b>	<b>53,101</b>	<b>52,394</b>	<b>53,850</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$566,124</b>	<b>\$553,695</b>	<b>\$541,079</b>	<b>\$566,264</b>	<b>\$554,346</b>

**Ratios**

	<b>1Q 2015</b>	<b>2Q 2015</b>	<b>3Q 2015</b>	<b>4Q 2015</b>	<b>1Q 2016</b>
ROAA	-0.07%	0.34%	0.48%	-0.01%	0.66%
ROAE	-0.66%	3.65%	5.01%	-0.10%	6.80%
NPAs/Assets (Core)	1.68%	1.71%	1.68%	1.40%	1.18%
Tier 1 Leverage	8.78 %	8.81 %	9.12 %	8.87 %	8.94 %
Total Common Equiv. Shares	8,380,337	8,380,337	8,380,337	8,380,337	8,380,337
NIM	3.60%	3.81%	3.76%	3.57%	3.61%
Cost of Funds	0.26%	0.25%	0.25%	0.24%	0.24%
Loan/Deposit	54.5%	58.8%	63.8%	57.9%	56.6%
Employees	172	170	163	153	129