



# NEWS

April 24, 2019

## SouthCrest Financial Group Reports Preliminary 1Q19 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 \$1.18MM or \$0.14/share for the first quarter ended March 31, 2019. There were no meaningful unusual items during the quarter. These results compare favorably to 1Q18 core earnings of \$0.9MM or \$0.11/share.

“We are extremely pleased to show over 30% earnings growth from the first quarter of 2018. We have worked diligently to position SouthCrest as an active competitor in the Atlanta and north Georgia markets, and the significant merger disruption that has and will continue to occur in Atlanta improves our opportunity to find talent, grow our balance sheet, and most importantly, grow shareholder value. Like many of our peers, loan growth was sluggish during the quarter, but we are confident that the disruption that we see daily will provide ample chances to improve that trend. We have also continued to successfully reduce operating expenses, reporting the lowest non-interest expense levels in over 10 years. Finally, deposit growth for the quarter was 1% from 1Q18, but was negatively impacted by a loss of a \$10MM municipal deposit account during the quarter.”

Total assets were down slightly at \$542.6MM vs. \$550.5MM in 4Q18, and vs. \$559.7MM in 1Q18. Seasonality accounts for some of the decline in total assets during the quarter vs. 4Q, but excluding a decline of \$30MM in borrowings from 1Q18 to 1Q19, asset growth would have totaled 2%.

Excluding the \$10MM lost municipal deposit, deposits would have been effectively flat with 4Q18. The deposit mix shift during the quarter was close to neutral to the cost of funds.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 9.46%. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$6.90 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 -\$0.16/share vs. -\$0.38/share as of 3Q18. Excluding the OCI impact, TBV/share grew \$0.11 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 were flat during the quarter, with NPAs to assets remaining at 0.92% vs. 0.92% in 4Q18, excluding the \$520,000 of a former bank building in OREO. Including this building, 1Q19 NPAs/total assets were 1.02% of assets vs. 1.02% in 4Q18. Excluding the impact of the bank building in OREO, OREO balances were just \$153,000.

### **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 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
<b>Interest Income</b>					
Loans					
Construction and Development	\$535	\$479	\$560	\$633	\$609
Commercial Real Estate	1,667	1,696	1,776	1,819	1,800
Commercial Loans	341	370	454	401	458
Multi Family	28	28	27	20	19
Residential Mortgage	1,087	1,116	1,119	1,167	1,176
Consumer Loans	57	56	51	48	41
County/Municipal Loans	23	23	23	25	25
Loss Share Loans	80	79	70	64	62
<b>Investment Securities</b>					
Federal Funds/Overnight Funds	\$98	\$48	\$41	\$65	\$82
Bank Owned CDs	6	6	7	7	7
Investment Securities	1,187	1,214	1,181	1,187	1,168
<b>Total Interest Income</b>	<b>\$5,109</b>	<b>\$5,115</b>	<b>\$5,311</b>	<b>\$5,436</b>	<b>\$5,447</b>
<b>Total Interest Expense</b>	<b>\$460</b>	<b>\$506</b>	<b>\$586</b>	<b>\$728</b>	<b>\$746</b>
<b>Net Interest Income</b>	<b>\$4,649</b>	<b>\$4,609</b>	<b>\$4,725</b>	<b>\$4,708</b>	<b>\$4,701</b>
Provision for Loan Losses	125	0	46	0	0
<b>Net Interest Income after Loan Losses</b>	<b>\$4,524</b>	<b>\$4,609</b>	<b>\$4,679</b>	<b>\$4,708</b>	<b>\$4,701</b>
<b>Other Income</b>					
Service Charges on Deposits	\$168	\$165	\$169	\$164	\$156
NSF/Overdraft Fees	350	334	350	396	309
Other Service Charges	64	63	62	65	65
ATM/Billpay/DR Card Income	262	280	273	260	255
Other Income	227	125	316	172	204
<b>Total Other Income</b>	<b>\$1,071</b>	<b>\$967</b>	<b>\$1,170</b>	<b>\$1,057</b>	<b>\$989</b>
<b>Non-Interest Expense</b>					
Salaries, Other Comp (+ FAS123R)	\$1,948	\$1,969	\$1,889	\$1,822	\$1,849
Employee Benefits	473	524	435	458	419
Occupancy & FF&E Expense	653	590	621	588	621
Professional Fees	161	156	305	136	170
Data Processing	480	489	485	476	481
Other Expense	883	832	693	724	649
<b>Total Noninterest Expenses</b>	<b>\$4,598</b>	<b>\$4,560</b>	<b>\$4,428</b>	<b>\$4,204</b>	<b>\$4,189</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$997</b>	<b>\$1,016</b>	<b>\$1,421</b>	<b>\$1,561</b>	<b>\$1,501</b>
Income Taxes	197	210	319	289	321
<b>Net Income</b>	<b>\$800</b>	<b>\$806</b>	<b>\$1,102</b>	<b>\$1,272</b>	<b>\$1,180</b>

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

<u>Assets</u>	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019
<b>Current Assets</b>					
Cash & Due from Bank	\$24,603	\$18,408	\$14,189	\$20,168	\$20,243
Federal Funds/Overnight Funds	0	5,446	0	6,070	1,718
Bank Owned CDs	1,319	1,319	1,322	1,322	1,322
Investment Securities	182,569	169,924	166,632	162,936	161,561
<b>Total Current Assets</b>	<b>\$208,491</b>	<b>\$195,097</b>	<b>\$182,143</b>	<b>\$190,496</b>	<b>\$184,844</b>
<b>Loans</b>					
Construction and Development	\$31,475	\$34,157	\$43,113	\$40,420	\$41,777
Commercial Real Estate	138,931	134,653	148,219	144,329	144,178
Commercial Loans	28,048	29,873	29,997	29,452	28,177
Multi Family	2,150	2,230	1,518	1,466	1,438
Residential Mortgage	92,973	92,346	88,357	94,199	92,405
Consumer Loans	5,738	3,361	2,143	2,579	1,086
County/Municipal Loans	2,511	2,480	2,459	2,438	2,301
Loss Share Loans	4,536	4,480	3,466	4,030	3,975
<b>Total Loans</b>	<b>\$306,362</b>	<b>\$303,581</b>	<b>\$319,272</b>	<b>\$318,914</b>	<b>\$315,337</b>
Allowance for Loss	<u>(3,028)</u>	<u>(3,037)</u>	<u>(3,060)</u>	<u>(3,042)</u>	<u>(2,968)</u>
<b>Net Loans</b>	<b>\$303,334</b>	<b>\$300,544</b>	<b>\$316,212</b>	<b>\$315,872</b>	<b>\$312,369</b>
OREO	2,697	879	720	821	670
FDIC Indemnification	112	112	0	0	0
BOLI	21,490	21,640	21,773	21,909	22,039
Fixed Assets, net	10,166	9,970	9,733	9,511	9,268
Intangible Assets	197	152	126	116	107
Other Assets	<u>13,228</u>	<u>12,880</u>	<u>13,365</u>	<u>11,759</u>	<u>13,336</u>
<b>Total Assets</b>	<b>\$559,715</b>	<b>\$541,274</b>	<b>\$544,072</b>	<b>\$550,484</b>	<b>\$542,633</b>
<b><u>Liabilities &amp; Stockholders'</u></b>					
<b><u>Equity</u></b>					
<b>Liabilities</b>					
<b>Deposits</b>					
DDAs	\$95,714	\$97,587	\$88,768	\$106,821	\$99,896
Interest Bearing Demand	76,198	81,262	64,684	62,829	59,270
Celebration Checking	105,247	105,358	101,474	99,694	102,617
Money Market Accts	29,673	30,402	47,286	55,836	49,584
Savings	44,030	43,862	44,139	43,574	44,152
CDs Less Than \$100k	57,827	57,600	57,349	56,864	56,664
CDs Greater than \$100k	<u>37,232</u>	<u>30,477</u>	<u>34,795</u>	<u>38,007</u>	<u>39,867</u>
<b>Total Deposits</b>	<b>\$445,921</b>	<b>\$446,548</b>	<b>\$438,495</b>	<b>\$463,625</b>	<b>\$452,054</b>

Other Liabilities	1,639	1,874	2,115	1,493	2,492
Net Borrowings (Wholesale Funding)	59,666	40,000	50,641	30,000	30,000
<b>Total Liabilities</b>	<b>\$507,226</b>	<b>\$488,422</b>	<b>\$491,251</b>	<b>\$495,118</b>	<b>\$484,546</b>
<b>Total Equity</b>	<b>52,489</b>	<b>52,852</b>	<b>52,821</b>	<b>55,366</b>	<b>58,087</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$559,715</b>	<b>\$541,274</b>	<b>\$544,072</b>	<b>\$550,484</b>	<b>\$542,633</b>

#### Ratios

	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>
ROAA	0.58%	0.59%	0.81%	0.93%	0.86%
ROAE	6.03%	6.12%	8.35%	9.40%	8.32%
NPAs/Assets (Core)	0.99%	1.25%	1.11%	0.92%	0.92%
Est. T1 Leverage (Bank)	8.42%	8.56%	8.94%	9.16%	9.46%
Total Common Equiv. Shares	8,413,372	8,413,372	8,421,992	8,421,992	8,421,992
NIM	3.83%	3.73%	3.78%	3.79%	3.85%
Cost of Deposits	0.24%	0.25%	0.33%	0.44%	0.49%
Loan/Deposit	68.3%	68.0%	72.5%	68.8%	69.5%
Employees	116	115	110	106	105