



NEWS

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

July 26, 2018

SouthCrest Financial Group Reports preliminary 2Q18 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 second quarter ended June 30, 2018. Excluding the impact of one-time items, net income would have been \$1.0MM or \$0.12/share.

“We believe the second quarter of 2018 generally continued the momentum SouthCrest created in the first quarter. Loan growth was just a little below plan during the quarter, although that was not unexpected after a very strong first quarter. We did experience over \$7 million of unplanned payoffs in the last two weeks of the quarter, but we entered the third quarter with a very robust loan pipeline. We were also able to grow deposits slightly in a quarter that has averaged significant seasonal declines over the past three years. We believe all of these items show continued positive results as we go through 2018.

“We are also excited to announce the \$0.03/ share regular quarterly dividend will continue in the third quarter. These dividends will be payable August 15, 2018 to holders of record on August 1, 2018.”

Total assets were down from 1Q, but up year over year at \$541.3MM vs. 559.7MM in 1Q18 and \$533.7MM in 2Q17.

Deposit balances were up sequentially 1% annualized versus seasonally weak average second quarter annualized declines of well over 10% over the past three years. Total deposits at the end of 2Q18 were \$446.5MM vs. \$445.9MM as of 1Q18 and \$430MM as of 2Q17 (adjusted for the Alabama branch sale).

Non-interest expenses for the quarter were \$4.6 million, which was higher than plan. There were \$264,000 of one-time expenses, primarily related to the OREO mark on a former bank branch that is under contract to be sold, and benefit expenses.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 8.56%. On a fully converted basis (including the conversion of all preferred

equity), TBV/share ended the quarter at \$6.28 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 -\$0.45/share vs. -\$0.42/share as of 1Q18. Excluding the OCI impact, TBV/share grew \$0.07 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 ratios remained within a reasonable range during the quarter, with NPAs to assets moving up slightly to 1.25% from 0.99%, excluding the \$825,000 of former bank buildings in OREO, one of which is under contract and expected to close in 2Q18. Including these buildings, 2Q18 NPAs/total assets were 1.39% of assets vs. 1.44% in 1Q18. Excluding the impact of the Bank buildings in OREO, OREO balances were just \$55,000.

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

	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Interest Income					
Loans					
Construction and Development	\$198	\$238	\$360	\$535	\$479
Commercial Real Estate	1,737	1,767	1,669	1,667	1,696
Commercial Loans	341	378	368	341	370
Multi Family	26	29	30	28	28
Residential Mortgage	1,209	1,140	1,117	1,087	1,116
Consumer Loans	109	61	68	57	56
County/Municipal Loans	25	24	24	23	23
Loss Share Loans	33	89	81	80	79
Investment Securities					
Federal Funds/Overnight Funds	\$77	\$97	\$99	\$98	\$48
Bank Owned CDs	6	5	7	6	6
Investment Securities	872	922	1,036	1,187	1,214
Total Interest Income	\$4,633	\$4,750	\$4,859	\$5,109	\$5,115
Total Interest Expense	\$250	\$293	\$393	\$460	\$506
Net Interest Income	\$4,383	\$4,457	\$4,466	\$4,649	\$4,609
Provision for Loan Losses	70	0	0	125	0
Net Interest Income after Loan Losses	\$4,314	\$4,457	\$4,466	\$4,524	\$4,609
Other Income					
Service Charges on Deposits	\$209	\$201	\$174	\$168	\$165
NSF/Overdraft Fees	491	494	393	350	334
Other Service Charges	78	68	63	64	63
ATM/Billpay/DR Card Income	307	284	266	262	280
Other Income	541	1,920	(969)	227	1254
Total Other Income	\$1,626	\$2,967	\$(73)	\$1,071	\$967
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,874	\$1,869	\$1,977	\$1,948	\$1,969
Employee Benefits	378	395	409	473	524
Occupancy & FF&E Expense	765	740	934	653	590
Professional Fees	157	201	154	161	156
Data Processing	549	561	488	480	489
Other Expense	707	754	825	883	832
Total Noninterest Expenses	\$4,430	\$4,520	\$4,787	\$4,598	\$4,560
Pre-Tax Income (Loss)	\$1,510	\$2,904	\$(394)	\$997	\$1,016
Income Taxes	488	1,036	4,192	197	210
Net Income	\$1,022	\$1,868	\$(4,586)	\$800	\$806
Preferred Dividends	\$57	\$0	\$0	\$0	\$0

Balance Sheet
(\$000s,
Unaudited)

Assets	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Current Assets					
Cash & Due from Bank	\$31,852	\$32,153	\$42,146	\$24,603	\$18,408
Federal Funds/Overnight Funds	5,355	1,150	2,356	0	5,446
Bank Owned CDs	1,069	1,319	1,319	1,319	1,319
Investment Securities	144,740	157,261	165,203	182,569	169,924
Total Current Assets	\$183,016	\$191,883	\$211,024	\$208,491	\$195,097
Loans					
Construction and Development	\$15,604	\$14,400	\$31,184	\$31,475	\$34,157
Commercial Real Estate	143,883	138,550	133,191	138,931	134,653
Commercial Loans	27,884	27,719	26,681	28,048	29,873
Multi Family	2,050	2,330	2,283	2,150	2,230
Residential Mortgage	95,682	89,760	87,001	92,973	92,346
Consumer Loans	5,874	14,086	3,304	5,738	3,361
County/Municipal Loans	2,971	2,791	2,771	2,511	2,480
Loss Share Loans	5,755	4,659	4,593	4,536	4,480
Total Loans	\$299,703	\$294,132	\$291,008	\$306,362	\$303,581
Allowance for Loss	<u>(2,875)</u>	<u>(2,813)</u>	<u>(2,820)</u>	<u>(3,028)</u>	<u>(3,037)</u>
Net Loans	\$296,828	\$291,482	\$288,188	\$303,334	\$300,544
OREO	2,315	2,194	2,760	2,697	879
FDIC Indemnification	112	112	112	112	112
BOLI	21,094	21,227	21,359	21,490	21,640
Fixed Assets, net	13,406	11,868	9,915	10,166	9,970
Intangible Assets	373	326	242	197	152
Other Assets	<u>16,564</u>	<u>15,867</u>	<u>11,754</u>	<u>13,228</u>	<u>12,880</u>
Total Assets	\$533,708	\$534,959	\$545,354	\$559,715	\$541,274

Liabilities & Stockholders'

Equity**Liabilities****Deposits**

DDAs	\$106,968	\$93,150	\$99,906	\$95,714	\$97,587
Interest Bearing Demand	63,481	58,723	73,555	76,198	81,262
Celebration Checking	112,731	105,514	102,368	105,247	105,358
Money Market Accts	28,689	29,869	29,699	29,673	30,402
Savings	51,095	44,703	43,147	44,030	43,862
CDs Less Than \$100k	67,892	61,548	59,273	57,827	57,600
CDs Greater than \$100k	<u>38,952</u>	<u>36,234</u>	<u>36,723</u>	<u>37,232</u>	<u>30,477</u>
Total Deposits	\$469,809	\$428,929	\$444,671	\$445,921	\$446,548

Other Liabilities	1,763	2,223	7,067	1,639	1,874
Net Borrowings (Wholesale Funding)	-	40,000	40,000	59,666	40,000
Total Liabilities	\$471,572	\$471,152	\$491,738	\$507,226	\$488,422
Total Equity	62,136	63,807	53,616	52,489	52,852
Total Liabilities & Stockholders' Equity	\$533,708	\$534,959	\$545,354	\$559,715	\$541,274

Ratios

	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018
ROAA	0.76%	1.40%	-0.84%	0.58%	0.59%
ROAE	6.57%	11.86%	-7.81%	6.03%	6.12%
NPAs/Assets (Core)	0.76%	0.91%	1.05%	0.99%	1.25%
Est. T1 Leverage (Bank)	9.31%	10.00%	8.27%	8.42%	8.56%
Total Common Equiv.	8,395,696	8,410,332	8,413,372	8,413,372	8,413,372
Shares					
NIM	3.68%	3.70%	3.68%	3.83%	3.73%
Cost of Deposits	0.21%	0.23%	0.24%	0.24%	0.25%
Loan/Deposit	63.7%	68.5%	65.3%	68.3%	68.0%
Employees	122	114	115	116	115