



SouthCrest Financial Group Reports Preliminary 3Q15 Earnings

Company release – October 22, 2015

PEACHTREE CITY, GA –Kenneth H. Maloy, President and CEO of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the company reported preliminary net income for the third quarter of 2015 of \$661,000 or \$0.08 per share. “In the third quarter we continued to show the momentum on loan growth and expense control that have been our primary areas of focus throughout the year. While the expense levels were flat with 2Q15, the third quarter results include the one time buyout of several contracts that totaled \$160,000. These buyouts will have an average breakeven period of under nine months.”

“Also, in our second quarter earnings release we estimated cost savings over the following 12 months of \$3 million. We are increasing this estimate to \$3.5 million by the end of 2Q16. We believe this two front attack on expenses and loan growth, if successful, will drive real improvements in 2016 profitability.”

Loan growth in 2Q15 was extremely strong with \$19 million of organic loan growth (26% linked quarter annualized). This was above our expectations and will likely be the best loan growth quarter for the foreseeable future. Approximately half of the production was in C&I and owner occupied CRE. At this time we believe loans will be flattish during the fourth quarter due to annual pay downs in loans to municipalities.

Deposits were down during the quarter which is a seasonally driven effect for SouthCrest due to municipal deposits in our rural communities. The fourth quarter is usually the strongest quarter for deposits due to tax receipts for the municipalities and Management expects to see this effect again this year.

During the quarter the Company completed one of two planned office relocations, combining the Alpharetta, Cumming and Johns Creek operations into one new commercial branch in Cumming GA. This transition improves the growth potential for this branch as well as saving the company over \$250,000/year starting in November. We were also able to buyout a substantial portion of our telecom contracts saving nearly \$250,000/year starting in October/November.

The Company did take \$150,000 of security gains during the quarter, effectively offsetting the impact of the contract buyout charges.

The estimated Tier 1 Leverage ratio at the end of the quarter was 9.12%. On a fully converted basis (including the conversion of all preferred equity) TBV/share ended the quarter at \$5.66 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 \$1.37/fully converted share.

Asset quality remained stable with 2Q15 at 1.68% NPAs/total assets.

SouthCrest Financial Group, Inc. is a \$540 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, 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		
	Q3	Q4	Q1	Q2	Q3
Interest Income					
Loans					
Construction and Development	\$262	\$216	\$219	\$231	\$261
Commercial Real Estate	1,297	1,371	1,274	1,374	1,483
Commercial Loans	214	319	245	261	301
Multi Family	14	17	20	26	29
Residential Mortgage	1,518	1,408	1,354	1,464	1,521
Consumer Loans	305	267	241	212	197
County/Municipal Loans	34	42	36	43	59
Loss Share Loans	200	194	169	324	214
Investment Securities					
Federal Funds/Overnight Funds	\$20	\$35	\$22	\$16	\$11
Bank Owned CDs	6	4	8	7	7
Investment Securities	975	971	1,058	960	904

Total Interest Income	\$4,845	\$4,844	\$4,646	\$4,918	\$4,987
Total Interest Expense	\$348	\$347	\$329	\$309	\$308
Net Interest Income	\$4,497	\$4,497	\$4,320	\$4,611	\$4,679
Provision for Loan Losses	75	95	239	200	0
Net Interest Income after Loan Losses	\$4,422	\$4,402	\$4,078	\$4,409	\$4,679
Other Income					
Service Charges on Deposits	\$102	\$106	\$99	\$99	\$113
NSF/Overdraft Fees	626	603	480	513	543
Other Service Charges	96	91	82	95	78
ATM/Billpay/DR Card Income	403	402	408	392	352
Other Income	1,775	1,270	1,028	1,017	973
Total Other Income	\$3,002	\$2,472	\$2,097	\$2,116	\$2,059
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$2,720	\$2,529	\$2,610	\$2,492	\$2,419
Employee Benefits	571	432	672	440	424
Occupancy & FF& E Expense	920	1,023	935	1,004	1,020
Professional Fees	419	293	229	249	206
Data Processing	295	306	282	221	244
OREO and Credit related Exp.	-35	287	230	67	156
Other Expense	2,474	1,978	1,613	1,575	1,608
Total Noninterest Expenses	\$7,364	\$6,848	\$6,571	\$6,048	\$6,077
Pre-Tax Income (Loss)	\$60	\$26	\$(396)	\$477	\$661
Income Taxes	-	-	-	-	-
Net Income	\$60	\$26	\$(396)	\$477	\$661

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

	2014		2015		
<u>Assets</u>	Q3	Q4	Q1	Q2	Q3
Current Assets					

Cash & Due from Bank	\$18,238	\$16,991	\$34,459	\$22,335	\$20,355
Federal Funds/Overnight Funds	50,260	34,182	17,067	10,736	14,171
Bank Owned CDs	2,231	2,974	1,814	1,814	1,815
Investment Securities	164,971	190,864	188,864	179,276	145,247
Mortgage Loans Held for Sale	5,376	932	3,985	1,869	3,011
Total Current Assets	\$241,076	\$245,943	\$246,189	\$216,030	\$184,599

Loans

Construction and Development	\$13,489	\$15,187	\$15,218	\$16,495	\$16,165
Commercial Real Estate	105,664	104,493	102,069	106,549	119,888
Commercial Loans	16,817	17,399	17,679	18,646	21,236
Multi Family	1,112	1,589	1,543	2,187	2,152
Residential Mortgage	107,234	110,347	105,021	116,961	116,969
Consumer Loans	15,345	14,215	12,790	11,787	10,814
County/Municipal Loans	5,110	4,343	5,178	7,631	12,293
Loss Share Loans	12,407	12,447	10,837	10,815	10,345
Total Loans	\$277,178	\$280,020	\$270,334	\$291,071	\$309,862

Allowance for Loss	<u>(3,723)</u>	<u>(3,675)</u>	<u>(3,121)</u>	<u>(3,263)</u>	<u>(2,881)</u>
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Net Loans	\$273,455	\$276,345	\$267,213	\$287,808	\$306,981
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OREO	5,320	4,473	4,284	3,552	3,331
FDIC Indemnification	1,685	1,537	1,089	503	498
BOLI	19,574	19,710	19,834	19,995	20,130
Fixed Assets, net	19,503	\$19,255	\$18,978	\$18,720	\$18,553
Intangible Assets	657	583	573	535	648
Other Assets	<u>6,917</u>	<u>7,523</u>	<u>7,964</u>	<u>6,552</u>	<u>6,339</u>
Total Assets	\$568,187	\$575,369	\$566,124	\$553,695	\$541,079

Liabilities & Stockholders'

Equity

Liabilities

Deposits

DDAs	\$122,374	\$125,699	\$121,381	\$120,659	\$114,345
Interest Bearing Demand	54,661	64,178	61,685	53,979	50,965
Celebration Checking	54,072	64,998	75,844	82,246	90,893

Money Market Accts	49,594	44,434	41,871	42,004	41,731
Savings	63,001	59,251	59,859	57,887	56,517
CDs Less Than \$100k	98,984	94,923	91,545	88,158	84,510
CDs Greater than \$100k	<u>53,502</u>	<u>51,685</u>	<u>50,060</u>	<u>49,697</u>	<u>46,603</u>
Total Deposits	\$496,188	\$505,168	\$502,245	\$494,630	\$485,564
Other Liabilities	10,695	9,361	11,363	6,684	2,414
Net Borrowings (Wholesale Funding)	-	-	-	-	-
Total Liabilities	\$506,883	\$514,529	\$513,607	\$501,314	\$487,978
Total Equity	61,304	60,840	52,517	52,381	53,101
Total Liabilities & Stockholders' Equity	\$568,187	\$575,369	\$566,124	\$553,695	\$541,079

Ratios

	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015
ROAA	0.04%	0.02%	-0.07%	0.34%	0.48%
ROAE	0.34%	0.17%	-0.66%	3.65%	5.01%
NPAs/Assets (Core)	2.44%	1.92%	1.68%	1.71%	1.68%
Tier 1 Leverage	10.78%	10.05%	8.78 %	8.81 %	9.12 %
Total Common Equiv. Shares	8,380,337	8,380,337	8,380,337	8,380,337	8,380,337
NIM	3.77%	3.68%	3.60%	3.81%	3.76%
Cost of Funds	0.28%	0.28%	0.26%	0.25%	0.25%
Loan/Deposit	55.9%	55.4%	54.5%	58.8%	63.8%
Employees	190	187	172	170	163