



NEWS

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SouthCrest Financial Group Reports preliminary 3Q17 earnings: Alabama Branch Sale Completed

ATLANTA, GA – Brian D. Schmitt, Chief Executive Officer of SouthCrest Financial Group, Inc. (SCSG:PK) announced today that the Company reported preliminary net income of \$1.87MM or \$0.22/share for the third quarter ended June 30, 2017. Excluding the impact of the Alabama branch sale closing and OREO expenses due to a previously closed branch, net income would have been \$0.9MM or \$0.11/share.

“We are very happy to have the Alabama branch sale completed and think the resulting company is much better positioned to serve our Georgia customers. We are also continuing to work to lower our non-interest expenses, which are down 10% YTD 2017 vs. YTD 2016, and down 3% from 1Q17 to 3Q17 (excluding \$160,000 in Alabama sales related expenses). Finally, as the Company generates significant regulatory and tangible capital growth, we believe it is prudent to continually review all potential uses for any excess capital.

“We are also extremely excited to have Michael Washburn join our team in the CCO role. I have known Mike for years and it is already easy to see that he will be a huge benefit to SouthCrest on both tactical and strategic levels.

“As of the end of September we had 40% of our loans and 15% of our deposits in the core 13 county Atlanta MSA market that we track vs. 37% and 12% as of the end of June. These are the metrics we use to track the success of our Atlanta growth initiative.”

“Tangible book value grew to \$7.59/share, up \$0.18 from the end of June and up \$0.56 from December 2016. Total loans grew 6% year over year but fell slightly on a linked quarter annualized (LQA) basis due to the Alabama branch sale and one large scheduled payoff.

Excluding the impact of the Alabama branch sale, deposits were effectively flat on both a year over year and LQA basis. Total deposits at the end of 3Q17 were \$428.9MM vs. \$428.9MM as of 2Q17 (Alabama adjusted) and \$432.4MM as of 3Q16 (Alabama adjusted). The Company did draw \$40.0MM from the FHLB during the quarter to fund the cash requirements

of the branch sale. The borrowing is a 1 year term and will have some impact to the overall cost of funds, but it can be partially or totally repaid at the Company's option every quarter.

On a core basis, expenses for the quarter were \$4.36 million, continuing the downward trend that has existed for several quarters. Total expenses for the quarter were \$4.52MM.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 10.00%. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$7.59 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 -\$0.07/share vs. -\$0.02/share as of 2Q17. The current fully converted share count at the end of the quarter is 8.41 million shares. In addition, the Company still retains a small deferred tax asset valuation allowance related to state taxes that totals approximately \$0.06/fully converted share.

Asset quality remained steady during the quarter, with NPAs to assets ticking up slightly to 0.91% from 0.76%, excluding the \$2.0 million of former bank buildings that are projected to be sold over the next several quarters in OREO. Including these buildings, 3Q17 NPAs/total assets were 1.28% of assets vs. 1.16% in 2Q17. Excluding the impact of the Bank buildings in OREO, OREO balances were down to a cycle low of \$84,000.

ABOUT SOUTHCREST

SouthCrest Financial Group, Inc. is a \$540 million asset bank holding company headquartered in Atlanta, GA. The company operates a 10 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)**

	2016		2017		
	Q3	Q4	Q1	Q2	Q3
Interest Income					
Loans					
Construction and Development	\$153	\$150	\$197	\$198	\$238
Commercial Real Estate	1,537	1,645	1,691	1,737	1,767
Commercial Loans	276	291	316	341	378
Multi Family	18	31	27	26	29
Residential Mortgage	1,289	1,230	1,190	1,209	1,140
Consumer Loans	139	122	117	109	61
County/Municipal Loans	29	42	25	25	24
Loss Share Loans	132	119	111	33	89
Investment Securities					
Federal Funds/Overnight	\$42	\$28	\$58	\$77	\$97
Funds					
Bank Owned CDs	6	6	5	6	5
Investment Securities	933	1039	967	872	922
Total Interest Income	\$4,556	\$4,703	\$4,705	\$4,633	\$4,750
Total Interest Expense	\$246	\$247	\$249	\$250	\$293
Net Interest Income	\$4,311	\$4,456	\$4,456	\$4,383	\$4,457
Provision for Loan Losses	0	94	106	70	0
Net Interest Income after Loan Losses	\$4,311	\$4,362	\$4,349	\$4,314	\$4,457
Other Income					
Service Charges on Deposits	\$245	\$228	\$216	\$209	\$201
NSF/Overdraft Fees	575	542	488	491	494
Other Service Charges	96	83	75	78	68
ATM/Billpay/DR Card Income	302	303	296	307	284
Other Income	339	-386	451	541	1,920
Total Other Income	\$1,560	\$768	\$1,526	\$1,626	\$2,967
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,705	\$2,014	\$1,799	\$1,874	\$1,869
Employee Benefits	707	463	438	378	395
Occupancy & FF&E Expense	860	764	739	765	740
Professional Fees	212	190	190	157	201
Data Processing	536	525	498	549	561
OREO/Credit related Exp.	36	36	50	(27)	11

Other Expense	861	694	766	734	743
Total Noninterest Expenses	\$4,917	\$4,687	\$4,480	\$4,430	\$4,520
Pre-Tax Income (Loss)	\$954	\$443	\$1,395	\$1,510	\$2,904
Income Taxes	274	128	465	488	1036
Net Income	\$680	\$315	\$930	\$1,022	\$1,868
Preferred Dividends	\$125	\$125	\$125	\$57	\$0

Balance Sheet
(\$000s,
Unaudited)

	2016			2017	
<u>Assets</u>	Q3	Q4	Q1	Q2	Q3
Current Assets					
Cash & Due from Bank	\$31,268	\$33,015	\$41,302	\$31,852	\$32,153
Federal Funds/Overnight Funds	0	4,299	6,688	5,355	1,150
Bank Owned CDs	1,218	1,069	1,069	1,069	1,319
Investment Securities	182,614	176,723	152,583	144,740	157,261
Total Current Assets	\$215,100	\$215,106	\$201,642	\$183,016	\$191,883
Loans					
Construction and Development	\$9,776	\$15,159	\$12,486	\$15,604	\$14,400
Commercial Real Estate	121,609	138,155	140,003	143,883	138,550
Commercial Loans	21,247	23,462	23,923	27,884	27,719
Multi Family	1,401	2,281	2,093	2,050	2,330
Residential Mortgage	102,512	97,194	98,302	95,682	89,760
Consumer Loans	7,363	6,893	6,117	5,874	14,086
County/Municipal Loans	6,456	3,387	2,999	2,971	2,791
Loss Share Loans	7,589	7,123	6,626	5,755	4,659
Total Loans	\$277,952	\$293,654	\$292,549	\$299,703	\$294,132
Allowance for Loss	<u>(2,701)</u>	<u>(2,766)</u>	<u>(2,797)</u>	<u>(2,875)</u>	<u>(2,813)</u>
Net Loans	\$275,251	\$290,888	\$289,752	\$296,828	\$291,482
OREO	936	3,581	2,728	2,315	2,194
FDIC Indemnification	425	304	238	112	112
BOLI	20,683	20,816	20,947	21,094	21,227
Fixed Assets, net	\$16,967	\$13,717	\$13,429	\$13,406	\$11,868
Intangible Assets	507	468	420	373	326
Other Assets	<u>16,476</u>	<u>17,953</u>	<u>17,428</u>	<u>16,564</u>	<u>15,867</u>
Total Assets	\$546,385	\$562,833	\$546,584	\$533,708	\$534,959

Liabilities & Stockholders'**Equity****Liabilities**

Deposits

DDAs	\$111,290	\$125,459	\$112,286	\$106,968	\$93,150
Interest Bearing Demand	54,552	65,654	63,949	63,481	58,723
Celebration Checking	111,544	112,355	113,548	112,731	105,514
Money Market Accts	33,956	32,271	27,942	28,689	29,869
Savings	52,061	50,495	51,304	51,095	44,703
CDs Less Than \$100k	73,964	72,091	70,020	67,892	61,548
CDs Greater than \$100k	<u>39,832</u>	<u>38,922</u>	<u>39,966</u>	<u>38,952</u>	<u>36,234</u>
Total Deposits	\$477,388	\$497,247	\$479,018	\$469,809	\$428,929

Other Liabilities	2,281	1,252	1,632	1,763	2,223
Net Borrowings	317	-	-	-	40,000
(Wholesale Funding)					
Total Liabilities	\$479,797	\$498,499	\$480,650	\$471,572	\$471,152
Total Equity	66,548	64,334	65,934	62,136	63,807
Total Liabilities & Stockholders' Equity	\$546,345	\$562,833	\$546,584	\$533,708	\$534,959

Ratios

	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
ROAA	0.54%	0.48%	0.72%	0.76%	1.40%
ROAE	4.77%	4.44%	6.78%	6.57%	11.86%
NPAs/Assets (Core)	0.91%	0.83%	0.84%	0.76%	0.91%
Est. T1 Leverage	9.31%	9.26%	8.87%	9.31%	10.00%
(Bank)					
Total Common	8,380,337	8,389,954	8,389,954	8,395,696	8,410,332
Equiv. Shares					
NIM	3.58%	3.63%	3.72%	3.68%	3.70%
Cost of Funds	0.20%	0.20%	0.21%	0.21%	0.23%
Loan/Deposit	58.2%	59.0%	60.3%	63.7%	68.5%
Employees	123	122	122	122	114