



# NEWS

October 24, 2019

## SouthCrest Financial Group Reports Preliminary 3Q19 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 \$1.41 million or \$0.18/share for the third quarter ended September 30, 2019. Excluding securities gains, core earnings were \$1.40 million, or \$0.17/share. This compares favorably with 3Q18 core EPS of \$0.14/share, or \$1.2 million.

“The third quarter saw the continuation of the momentum that SouthCrest experienced in the first half of 2019. Our team continued serving our clients, while keeping focused on the bottom line results that our shareholders expect. As a result, and to appropriately manage the capital entrusted to us, we are announcing a special dividend of \$0.50 per share to be paid on December 10, 2019 to all shareholders of record November 26, 2019. This dividend is in addition to the standard quarterly dividend previously announced.”

“Finally, I’m pleased to report that the Company completed its previously announced \$5 million share buyback program during the third quarter and is announcing a new share buyback program that positions us to repurchase up to \$10 million of our common stock from today through 2021.”

Total assets were down to \$523.7MM vs. \$528.5MM in 2Q19 due to the share buyback, and vs. \$544.7.3MM in 3Q18. Loan growth was robust for the quarter with total loans outstanding finishing at \$331.2 million vs. \$316.0 million at the end of 2Q19 and \$319.3 million in the year ago quarter. The cost of funds was down 7bps due to a restructuring of FHLB borrowings, while the cost of deposits were up just 3bps from 2Q19.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank decreased to 9.65% as a result of the reduction in capital at the bank level to fund the share buyback. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$7.24 per share, up from \$7.21 at the end of the second quarter. This metric will continue to be influenced by OCI changes resulting from the swings in interest rates. Currently, the impact to TBV by OCI is \$0.12/share vs. \$0.07/share as of 2Q19. The current fully converted share count at the end of the quarter was 7.097 million shares, comprised of 5.849 million common shares and 2.058 million preferred shares.

Asset quality ratios improved slightly during the quarter, with NPAs to assets decreasing to 1.00% vs. 1.09% in 2Q19 (excluding former bank branches in OREO as of 2Q19). As of September 30, 2019 the Company's OREO balances were \$0.

#### **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. You should not rely upon forward-looking statements, as they are inherently unlikely to occur, and we do not assume any liability to update or correct any forward-looking statements that we make.

Andy Borrmann  
Chief Financial Officer  
678.734.3505

**Statement of Operations (\$000s, Unaudited)**

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019
<b>Interest Income</b>					
Loans					
Construction and Development	\$560	\$633	\$609	\$603	\$636
Commercial Real Estate	1,776	1,819	1,800	1,834	2,037
Commercial Loans	454	401	458	429	446
Multi Family	27	20	19	32	27
Residential Mortgage	1,119	1,167	1,176	1,101	991
Consumer Loans	51	48	41	41	41
County/Municipal Loans	23	25	25	22	22
Loss Share Loans	70	64	62	61	61
<b>Investment Securities</b>					
Federal Funds/Overnight Funds	\$41	\$65	\$82	\$88	\$107
Bank Owned CDs	7	7	7	6	6
Investment Securities	1,181	1,187	1,168	1,111	950
<b>Total Interest Income</b>	<b>\$5,311</b>	<b>\$5,436</b>	<b>\$5,447</b>	<b>\$5,329</b>	<b>\$5,324</b>
<b>Total Interest Expense</b>	<b>\$586</b>	<b>\$728</b>	<b>\$746</b>	<b>\$759</b>	<b>\$658</b>
<b>Net Interest Income</b>	<b>\$4,725</b>	<b>\$4,708</b>	<b>\$4,701</b>	<b>\$4,570</b>	<b>\$4,666</b>
Provision for Loan Losses	46	0	0	0	39
<b>Net Interest Income after Loan Losses</b>	<b>\$4,679</b>	<b>\$4,708</b>	<b>\$4,701</b>	<b>\$4,570</b>	<b>\$4,627</b>
<b>Other Income</b>					
Service Charges on Deposits	\$169	\$164	\$156	\$153	\$148
NSF/Overdraft Fees	350	396	309	310	356
Other Service Charges	62	65	65	70	78
ATM/Billpay/DR Card Income	273	260	255	284	278
Other Income	316	172	204	131	308
<b>Total Other Income</b>	<b>\$1,170</b>	<b>\$1,057</b>	<b>\$989</b>	<b>\$947</b>	<b>\$1,169</b>
<b>Non-Interest Expense</b>					
Salaries, Other Comp (+ FAS123R)	\$1,889	\$1,822	\$1,849	\$1,842	\$1,856
Employee Benefits	435	458	419	370	391
Occupancy & FF&E Expense	621	588	621	570	564
Professional Fees	305	136	170	274	152
Data Processing	485	476	481	488	497
Other Expense	693	724	649	613	505
<b>Total Noninterest Expenses</b>	<b>\$4,428</b>	<b>\$4,204</b>	<b>\$4,189</b>	<b>\$4,157</b>	<b>\$3,963</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$1,421</b>	<b>\$1,561</b>	<b>\$1,501</b>	<b>\$1,360</b>	<b>\$1,832</b>
Income Taxes	319	289	321	315	417

<b>Net Income</b>	<b>\$1,102</b>	<b>\$1,272</b>	<b>\$1,180</b>	<b>\$1,045</b>	<b>\$1,414</b>
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**Balance Sheet (\$000s, Unaudited)**

<b><u>Assets</u></b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
<b>Current Assets</b>					
Cash & Due from Bank	\$14,189	\$20,168	\$20,243	\$30,930	\$13,758
Federal Funds/Overnight Funds	0	6,070	1,718	0	0
Bank Owned CDs	1,322	1,322	1,322	1,322	1,069
Investment Securities	166,632	162,936	161,561	141,013	139,907
<b>Total Current Assets</b>	<b>\$182,143</b>	<b>\$190,496</b>	<b>\$184,844</b>	<b>\$173,265</b>	<b>\$154,733</b>

**Loans**

Construction and Development	\$43,113	\$40,420	\$41,777	\$40,040	\$43,661
Commercial Real Estate	148,219	144,329	144,178	153,527	155,397
Commercial Loans	29,997	29,452	28,177	28,036	42,921
Multi Family	1,518	1,466	1,438	1,970	1,939
Residential Mortgage	88,357	94,199	92,405	85,064	80,391
Consumer Loans	2,143	2,579	1,086	1,384	1,022
County/Municipal Loans	2,459	2,438	2,301	2,037	2,037
Loss Share Loans	3,466	4,030	3,975	3,933	3,859
<b>Total Loans</b>	<b>\$319,272</b>	<b>\$318,914</b>	<b>\$315,337</b>	<b>\$315,991</b>	<b>\$331,227</b>
Allowance for Loss	<u>(3,060)</u>	<u>(3,042)</u>	<u>(2,968)</u>	<u>(3,022)</u>	<u>(3,073)</u>
<b>Net Loans</b>	<b>\$316,212</b>	<b>\$315,872</b>	<b>\$312,369</b>	<b>\$312,698</b>	<b>\$328,154</b>
OREO	720	821	670	575	0
FDIC Indemnification	0	0	0	0	0
BOLI	21,773	21,909	22,039	22,186	22,323
Fixed Assets, net	9,733	9,511	9,268	9,180	8,982
Intangible Assets	126	116	107	100	96
Other Assets	<u>13,365</u>	<u>11,759</u>	<u>13,336</u>	<u>10,083</u>	<u>9,424</u>
<b>Total Assets</b>	<b>\$544,072</b>	<b>\$550,484</b>	<b>\$542,633</b>	<b>\$528,503</b>	<b>\$523,711</b>

**Liabilities & Stockholders'**

**Equity**

**Liabilities**

**Deposits**

DDAs	\$88,768	\$106,821	\$99,896	\$98,229	\$94,680
Interest Bearing Demand	64,684	62,829	59,270	59,606	63,386
Celebration Checking	101,474	99,694	102,617	100,950	97,277
Money Market Accts	47,286	55,836	49,584	33,080	32,382
Savings	44,139	43,574	44,152	44,407	44,383
CDs Less Than \$100k	57,349	56,864	56,664	56,256	56,543
CDs Greater than \$100k	<u>34,795</u>	<u>38,007</u>	<u>39,867</u>	<u>38,854</u>	<u>41,846</u>

<b>Total Deposits</b>	<b>\$438,495</b>	<b>\$463,625</b>	<b>\$452,054</b>	<b>\$431,382</b>	<b>\$430,497</b>
Other Liabilities	2,115	1,493	2,492	2,583	2,516
Net Borrowings (Wholesale Funding)	50,641	30,000	30,000	33,795	33,429
<b>Total Liabilities</b>	<b>\$491,251</b>	<b>\$495,118</b>	<b>\$484,546</b>	<b>\$467,760</b>	<b>\$466,443</b>
<b>Total Equity</b>	<b>52,821</b>	<b>55,366</b>	<b>58,087</b>	<b>60,743</b>	<b>57,268</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$544,072</b>	<b>\$550,484</b>	<b>\$542,633</b>	<b>\$528,503</b>	<b>\$523,711</b>

#### Ratios

	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
ROAA	0.81%	0.93%	0.86%	0.78%	1.09%
ROAE	8.34%	9.41%	8.32%	7.04%	10.10%
NPAs/Assets (Core)	1.11%	0.92%	0.92%	1.09%	1.00%
Est. T1 Leverage (Bank)	8.94%	9.16%	9.46%	9.95%	9.65%
Total Common Shares	6,198,632	6,198,632	6,198,632	6,360,273	5,849,101
Total Preferred Shares	2,223,360	2,223,360	2,223,360	2,061,719	2,058,121
Total Common Equiv. Shares	8,421,992	8,421,992	8,421,992	8,421,992	7,907,222
NIM (Bank)	3.78%	3.79%	3.86%	3.75%	3.91%
Cost of Deposits	0.33%	0.44%	0.49%	0.51%	0.54%
Loan/Deposit	72.5%	68.8%	69.5%	73.4%	76.9%
Employees	110	106	105	106	103
Loans in Atlanta MSA	65.8%	65.3%	66.0%	67.4%	76.8%