



# NEWS

January 22, 2020

## SouthCrest Financial Group Reports Preliminary 4Q19 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 \$1.32 million or \$0.17/share for the fourth quarter ended December 31, 2019. Excluding non-core expenses, core earnings were \$1.48 million, or \$0.19/share. This compares favorably with 4Q18 core EPS of \$0.17/share, or \$1.4 million.

“We are excited as a team to be able to report another excellent quarter and full year of 2019. With core ROA at 1.0% for the year and the return of over \$10 million to our shareholders, we consider this the most successful year in the Company’s history. Over the past two years the Company has returned over \$16 million to our shareholders, through dividends and buybacks, which equates to almost \$2/share. SouthCrest also continues to improve its penetration in the Atlanta MSA with 12% loan growth in the market during the year. We remain confident in the local economies we serve and believe that the credit quality of our loan portfolio will remain excellent for the foreseeable future.

“Finally, we are announcing our standard quarterly dividend of \$0.05/share will be paid on February 14, 2020 to all shareholders of record January 30, 2020.”

Total assets increased to \$556.0 million vs. \$523.7 million in 3Q19, which is in line with standard seasonal growth, and vs. \$550.5 million in 4Q18. Loan growth was a bit subdued for the quarter with total loans outstanding finishing at \$334.5 million vs. \$331.2 million at the end of 3Q19 and \$318.9 million in the year ago quarter. The cost of funds was down 2bps due to a decline in the cost of deposits, which decreased by 1bps from 3Q19.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank decreased to 9.59% from 9.65% as of 3Q19 as a result of the increase in asset size. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$6.83 per share, down from \$7.24 at the end of the third quarter. This was due to the payment of the regular and special dividends totaling \$0.55/share during the quarter. This metric will continue to be influenced by OCI changes resulting from the swings in interest rates. Currently, the positive impact to TBV by OCI is \$0.9/share vs. \$0.12/share at the end of 3Q19. The current fully converted share count at the end of the quarter was 7.888 million shares, comprised of 5.833 million common shares and 2.055 million preferred shares.

Asset quality ratios improved slightly during the quarter, with NPAs to assets decreasing to 0.84% vs. 1.00% in 3Q19. As of December 31, 2019 the Company's OREO balances consisted of one home carried at \$497,000.

#### **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. 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)**

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Interest Income</b>					
Loans					
Construction and Development	\$633	\$609	\$603	\$636	\$669
Commercial Real Estate	1,819	1,800	1,834	2,037	2,030
Commercial Loans	401	458	429	446	645
Multi Family	20	19	32	27	28
Residential Mortgage	1,167	1,176	1,101	991	1,029
Consumer Loans	48	41	41	41	34
County/Municipal Loans	25	25	22	22	24
Loss Share Loans	64	62	61	61	58
<b>Investment Securities</b>					
Federal Funds/Overnight Funds	\$65	\$82	\$88	\$107	\$77
Bank Owned CDs	7	7	6	6	2
Investment Securities	1,187	1,168	1,111	950	996
<b>Total Interest Income</b>	<b>\$5,436</b>	<b>\$5,447</b>	<b>\$5,329</b>	<b>\$5,324</b>	<b>\$5,592</b>
<b>Total Interest Expense</b>	<b>\$728</b>	<b>\$746</b>	<b>\$759</b>	<b>\$658</b>	<b>\$699</b>
<b>Net Interest Income</b>	<b>\$4,708</b>	<b>\$4,701</b>	<b>\$4,570</b>	<b>\$4,666</b>	<b>\$4,893</b>
Provision for Loan Losses	0	0	0	39	0
<b>Net Interest Income after Loan Losses</b>	<b>\$4,708</b>	<b>\$4,701</b>	<b>\$4,570</b>	<b>\$4,627</b>	<b>\$4,893</b>
<b>Other Income</b>					
Service Charges on Deposits	\$164	\$156	\$153	\$148	\$144
NSF/Overdraft Fees	396	309	310	356	348
Other Service Charges	65	65	70	78	95
ATM/Billpay/DR Card Income	260	255	284	278	271
Other Income	172	204	131	308	268
<b>Total Other Income</b>	<b>\$1,057</b>	<b>\$989</b>	<b>\$947</b>	<b>\$1,169</b>	<b>\$1,186</b>
<b>Non-Interest Expense</b>					
Salaries, Other Comp (+ FAS123R)	\$1,822	\$1,849	\$1,842	\$1,856	\$2,140
Employee Benefits	458	419	370	391	379
Occupancy & FF&E Expense	588	621	570	564	529
Professional Fees	136	170	274	152	149
Data Processing	476	481	488	497	502
Other Expense	724	649	613	505	667
<b>Total Noninterest Expenses</b>	<b>\$4,204</b>	<b>\$4,189</b>	<b>\$4,157</b>	<b>\$3,963</b>	<b>\$4,366</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$1,561</b>	<b>\$1,501</b>	<b>\$1,360</b>	<b>\$1,832</b>	<b>\$1,713</b>
Income Taxes	289	321	315	417	389
<b>Net Income</b>	<b>\$1,272</b>	<b>\$1,180</b>	<b>\$1,045</b>	<b>\$1,414</b>	<b>\$1,323</b>

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

<u>Assets</u>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
<b>Current Assets</b>					
Cash & Due from Bank	\$20,168	\$20,243	\$30,930	\$13,758	\$38,555
Federal Funds/Overnight Funds	6,070	1,718	0	0	5,215
Bank Owned CDs	1,322	1,322	1,322	1,069	77
Investment Securities	162,936	161,561	141,013	139,907	139,880
<b>Total Current Assets</b>	<b>\$190,496</b>	<b>\$184,844</b>	<b>\$173,265</b>	<b>\$154,733</b>	<b>\$183,727</b>
<b>Loans</b>					
Construction and Development	\$40,420	\$41,777	\$40,040	\$43,661	\$47,593
Commercial Real Estate	144,329	144,178	153,527	155,397	146,287
Commercial Loans	29,452	28,177	28,036	42,921	53,833
Multi Family	1,466	1,438	1,970	1,939	1,611
Residential Mortgage	94,199	92,405	85,064	80,391	77,772
Consumer Loans	2,579	1,086	1,384	1,022	830
County/Municipal Loans	2,438	2,301	2,037	2,037	3,109
Loss Share Loans	4,030	3,975	3,933	3,859	3,601
<b>Total Loans</b>	<b>\$318,914</b>	<b>\$315,337</b>	<b>\$315,991</b>	<b>\$331,227</b>	<b>\$334,488</b>
Allowance for Loss	<u>(3,042)</u>	<u>(2,968)</u>	<u>(3,022)</u>	<u>(3,073)</u>	<u>(3,039)</u>
<b>Net Loans</b>	<b>\$315,872</b>	<b>\$312,369</b>	<b>\$312,698</b>	<b>\$328,154</b>	<b>\$331,596</b>
OREO	821	670	575	0	497
FDIC Indemnification	0	0	0	0	0
BOLI	21,909	22,039	22,186	22,323	22,456
Fixed Assets, net	9,511	9,268	9,180	8,982	8,862
Intangible Assets	116	107	100	96	84
Other Assets	<u>11,759</u>	<u>13,336</u>	<u>10,083</u>	<u>9,424</u>	<u>8,740</u>
<b>Total Assets</b>	<b>\$550,484</b>	<b>\$542,633</b>	<b>\$528,503</b>	<b>\$523,711</b>	<b>\$555,960</b>
<b><u>Liabilities &amp; Stockholders'</u></b>					
<b><u>Equity</u></b>					
<b>Liabilities</b>					
<b>Deposits</b>					
DDAs	\$106,821	\$99,896	\$98,229	\$94,680	\$103,154
Interest Bearing Demand	62,829	59,270	59,606	63,386	87,685
Celebration Checking	99,694	102,617	100,950	97,277	98,558
Money Market Accts	55,836	49,584	33,080	32,382	33,888
Savings	43,574	44,152	44,407	44,383	44,370
CDs Less Than \$100k	56,864	56,664	56,256	56,543	54,228
CDs Greater than \$100k	<u>38,007</u>	<u>39,867</u>	<u>38,854</u>	<u>41,846</u>	<u>43,404</u>
<b>Total Deposits</b>	<b>\$463,625</b>	<b>\$452,054</b>	<b>\$431,382</b>	<b>\$430,497</b>	<b>\$465,288</b>

Other Liabilities	1,493	2,492	2,583	2,516	2,143
Net Borrowings (Wholesale Funding)	30,000	30,000	33,795	33,429	34,697
<b>Total Liabilities</b>	<b>\$495,118</b>	<b>\$484,546</b>	<b>\$467,760</b>	<b>\$466,443</b>	<b>\$502,127</b>
<b>Total Equity</b>	<b>55,366</b>	<b>58,087</b>	<b>60,743</b>	<b>57,268</b>	<b>53,833</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$550,484</b>	<b>\$542,633</b>	<b>\$528,503</b>	<b>\$523,711</b>	<b>\$555,960</b>

#### Ratios

	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
ROAA	0.93%	0.86%	0.78%	1.09%	0.98%
ROAE	9.41%	8.32%	7.04%	10.10%	9.52%
NPAs/Assets (Core)	0.92%	0.92%	1.09%	1.00%	0.84%
Est. T1 Leverage (Bank)	9.16%	9.46%	9.95%	9.65%	9.64%
Total Common Shares	6,198,632	6,198,632	6,360,273	5,849,101	5,832,793
Total Preferred Shares	2,223,360	2,223,360	2,061,719	2,058,121	2,054,759
Total Common Equiv. Shares	8,421,992	8,421,992	8,421,992	7,907,222	7,887,552
NIM (Bank)	3.79%	3.86%	3.75%	3.91%	3.97%
Cost of Deposits	0.44%	0.49%	0.51%	0.54%	0.53%
Loan/Deposit	68.8%	69.5%	73.4%	76.9%	73.8%
Employees	106	105	106	103	105
Loans in Atlanta MSA	65.3%	66.0%	67.4%	76.8%	78.4%