



April 22, 2021

SouthCrest Financial Group Reports Preliminary 1Q21 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 \$1.91 million or \$0.25/share for the first quarter ended March 31, 2021. Excluding non-core items, primarily securities gains, core earnings were \$1.34 million, or \$0.17/share.

In addition, the Company is announcing the payment of its quarterly dividend of \$0.06/share. The dividend will be payable on May 20, 2021, to all shareholders of record on May 6, 2021.

“We consider the Company’s income performance this quarter to be reasonable given the loan pay downs that occurred. I continue to be proud of our team’s performance in maintaining exceptional credit quality and expense discipline.”

“With the payoff of \$15 million of wholesale FHLB borrowings during the quarter the total balance sheet size was down slightly, but total deposits grew by almost \$12 million, clearing \$600 million for the first time.”

Total assets declined to \$707.1 million vs. \$715.1 million in 4Q20 and \$557.7 million in the first quarter of 2020. Loan balances declined by \$12 million during the quarter, primarily due to the planned decrease in a short term funding relationship with one client, finishing at \$314.2 million vs. \$326.7 million at the end of 4Q20 and \$334.6 million in 1Q20. The ALLL also remained flat at \$3.7MM but increased as a percentage of loans to 1.18% from 1.14% in the prior quarter.

Interest income remained effectively flat with 4Q20 as an increase in investment securities income offset the lower average loan balances. Cash levels remained slightly elevated from pre-Covid standards, but management expects to continue to improve this over the next few quarters. Interest expense remained level during the first quarter, even with significantly increased average balances. Provision expense remained at zero for the quarter.

Non-interest income returned to Covid-like levels (excluding the \$816,000 of securities gains in 4Q20), with NSF and overdraft fees declining by 18% from 4Q20 and 38% over the prior year. Other non-interest expense categories remained relatively flat from 4Q20. Non-interest expense were lower from 4Q20 with core expenses running at a \$16.1MM annualized rate in 1Q21.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank declined to 8.27% from 9.08% as a result of the repurchase of over 420,000 common and preferred shares and significant average balance sheet growth during the quarter. On a fully

converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$7.64 per share, up from \$7.09 as of 1Q20 but down from \$8.17 at the end of 2020. 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 \$0.38/share vs. \$0.96/share at the end of 4Q20. The current fully converted share count at the end of the quarter was 7.400 million shares, comprised of 5.761 million common shares and 1.639 million preferred shares.

Asset quality ratios continued a multi-quarter trend of improvement even with the COVID economic environment. Loan deferrals remained flat with 4Q20 and NPAs to assets declined to 0.46% vs. 0.55% in 4Q20. As of March 31, 2021 the Company's OREO balances remained \$447,000, consisting of one residential property.

ABOUT SOUTHCREST

SouthCrest Financial Group, Inc. is a bank holding company with over \$700 million 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)

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Interest Income					
Loans					
Construction and Development	\$744	\$758	\$781	\$761	\$665
Commercial Real Estate	1,856	1,974	1,846	1,824	1,845
Commercial Loans	553	567	542	547	494
Multi Family	21	21	25	65	65
Residential Mortgage	904	750	743	636	681
Consumer Loans	36	29	28	29	26
County/Municipal Loans	34	41	50	21	20

Loss Share Loans	46	37	33	29	26
Investment Securities					
Federal Funds/Overnight Funds	\$129	\$6	\$8	\$15	\$10
Bank Owned CDs	0	0	0	0	0
Investment Securities	1,023	1,393	1,425	1,494	1,622
Total Interest Income	\$5,346	\$5,576	\$5,481	\$5,420	\$5,453
Total Interest Expense	\$769	\$741	\$702	\$678	\$678
Net Interest Income	\$4,577	\$4,835	\$4,779	\$4,742	\$4,775
Provision for Loan Losses	150	450	0	0	0
Net Interest Income after Loan Losses	\$4,427	\$4,385	\$4,779	\$4,742	\$4,775
Other Income					
Service Charges on Deposits	\$138	\$132	\$130	\$128	\$103
NSF/Overdraft Fees	305	158	213	231	190
Other Service Charges	64	71	78	73	76
ATM/Billpay/DR Card Income	247	277	298	306	326
Other Income	238	664	1,441	207	1,011
Total Other Income	\$992	\$1,303	\$2,160	\$946	\$1,707
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,940	\$1,711	\$1,985	\$2,140	\$1,924
Employee Benefits	412	341	276	523	367
Occupancy & FF&E Expense	503	506	475	474	463
Professional Fees	141	143	197	235	232
Data Processing	488	385	353	362	389
Other Expense	632	661	672	665	754
Total Noninterest Expenses	\$4,116	\$3,747	\$3,958	\$4,400	\$4,130
Pre-Tax Income (Loss)	\$1,303	\$1,941	\$2,981	\$1,288	\$2,352
Income Taxes	265	316	580	160	447
Net Income	\$1,038	\$1,625	\$2,401	\$1,127	\$1,905

Balance Sheet (\$000s, Unaudited)

<u>Assets</u>	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Current Assets					
Cash & Due from Bank	\$19,845	\$22,520	\$39,600	\$81,969	\$42,699
Federal Funds/Overnight Funds	0	7,873	10,101	4,192	15,720
Bank Owned CDs	0	0	0	0	0
Investment Securities	184,377	218,680	222,913	265,602	297,307
Total Current Assets	\$204,222	\$249,072	\$272,614	\$352,484	\$355,726
Loans					
Construction and Development	\$56,430	\$64,320	\$65,675	\$54,631	\$50,360

Commercial Real Estate	142,610	139,407	134,986	140,558	155,014
Commercial Loans	53,383	56,860	55,327	47,556	38,430
Multi Family	1,601	1,590	1,714	6,346	6,191
Residential Mortgage	73,778	66,810	62,672	59,856	55,262
Consumer Loans	2,144	2,472	1,868	13,908	5,228
County/Municipal Loans	3,732	4,851	1,990	1,982	1,849
Loss Share Loans	2,451	2,315	2,152	1,848	1,828
Total Loans	\$336,129	\$338,625	\$326,383	\$326,684	\$314,162
Allowance for Loss	<u>(3,184)</u>	<u>(3,984)</u>	<u>(3,705)</u>	<u>(3,705)</u>	<u>(3,713)</u>
Net Loans	\$332,946	\$334,641	\$322,678	\$322,979	\$310,449
OREO	529	447	447	447	447
FDIC Indemnification	0	0	0	0	0
BOLI	22,583	22,737	22,872	23,009	23,140
Fixed Assets, net	8,705	8,697	8,540	8,581	8,568
Intangible Assets	80	68	64	1,089	1,060
Other Assets	<u>8,604</u>	<u>6,731</u>	<u>7,030</u>	<u>6,501</u>	<u>7,681</u>
Total Assets	\$577,669	\$622,383	\$634,245	\$715,090	\$707,073

Liabilities & Stockholders'

Equity

Liabilities

Deposits

DDAs	\$96,517	\$114,554	\$118,082	\$130,268	\$131,767
Interest Bearing Demand	85,746	96,141	95,732	128,477	116,667
Celebration Checking	103,718	111,421	114,657	132,372	141,369
Money Market Accts	37,693	38,650	43,746	44,427	52,640
Savings	44,516	47,674	48,928	51,953	57,099
CDs Less Than \$100k	53,616	52,709	51,735	58,452	57,323
CDs Greater than \$100k	<u>47,259</u>	<u>47,049</u>	<u>43,612</u>	<u>49,715</u>	<u>50,767</u>
Total Deposits	\$469,064	\$508,198	\$516,491	\$595,664	\$607,631
Other Liabilities	2,415	2,184	2,772	2,285	4,285
Net Borrowings (Wholesale Funding)	50,228	50,546	52,258	52,263	37,611
Total Liabilities	\$521,708	\$560,918	\$571,522	\$650,212	\$649,527
Total Equity	55,961	61,465	62,723	64,878	57,546
Total Liabilities & Stockholders' Equity	\$577,669	\$622,393	\$634,245	\$715,090	\$707,073

Ratios

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
ROAA	0.75%	1.05%	1.53%	0.69%	1.09%

ROAE	7.30%	10.87%	16.88%	6.79%	11.62%
NPAs/Assets	0.80%	0.71%	0.59%	0.55%	0.46%
Est. T1 Leverage (Bank)	9.62%	8.99%	9.41%	9.08%	8.27%
Total Common Shares	5,832,793	5,786,288	5,761,439	5,761,439	5,761,170
Total Preferred Shares	2,054,759	2,054,759	2,054,759	2,054,759	1,638,596
Total Common Equiv. Shares	7,887,552	7,841,047	7,816,198	7,816,198	7,399,766
NIM (Bank)	3.65%	3.37%	3.22%	3.17%	2.99%
Cost of Deposits (Bank)	0.54%	0.46%	0.41%	0.36%	0.36%
Loan/Deposit	71.6%	66.6%	63.1%	54.8%	51.7%
Employees	104	102	98	94	99
Loans in Atlanta MSA	78.2%	79.1%	80.5%	77.8%	80.7%