



January 25, 2021

SouthCrest Financial Group Reports Preliminary 4Q20 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 \$1.13 million or \$0.14/share for the fourth quarter ended December 31, 2020. Excluding non-core items, primarily deal related costs and severance, core earnings were \$1.50 million, or \$0.19/share.

In addition, the Company is announcing an increase in the quarterly dividend to \$0.06/share. The dividend will be payable on February 18, 2021, to all shareholders of record on February 4, 2021.

“We would like to welcome the customers and team members from our branch purchase to the SouthCrest Bank family” Schmitt said. “We are excited to partner with you and support your financial needs going forward. I’d also like to personally highlight the efforts of all of our personnel who worked tirelessly to successfully integrate the acquisition. The collaboration and creativity you have all shown during this transaction will benefit the Bank for years to come.”

“Financially, the acquisition and other efforts in 2020 has the Bank’s ongoing strength and growth potential in the best position it has been in decades. The interest rate environment will be a challenge for the profitability of all banks for the foreseeable future, but we will continue to strive to maximize our opportunities and results against these headwinds for as long as they last.”

Total assets increased to \$715.1 million vs. \$634.2 million in 3Q20 and \$556.0MM in the year ago quarter. Loan balances remained flat during the quarter, finishing at \$326.7 million vs. \$326.4 million at the end of 3Q20 and \$334.6 million 4Q19. The ALLL also remained flat at \$3.7MM (1.14% of loans) vs. \$3.7MM (1.13% of loans, rounding difference) in the quarter.

Interest income declined 1.1% from 4Q20 due to lower average loan balances during the quarter and the resulting higher cash levels. Interest expense declined 3.3% during the quarter as well which led to an overall net interest income decrease of 0.8% or \$38,000 versus the third quarter. During the fourth quarter, the cost of deposits declined by 5bps for the second quarter in a row to 0.36%. Provision expense remained at zero for the quarter.

Non-interest income increased from the prior quarter (excluding the \$1.23MM of securities gains in 3Q20), with NSF and overdraft fees increasing by 8% as the primary driver, although these fees remain down 34% over the prior year. Non-interest expense increased due

to some one time deal related expenses, severance and additional compensation related taxes. Excluding one-time items in both quarters, non-interest expense increased 1.0% vs 3Q20.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank declined to 9.08% from 9.41% as a result of the significant balance sheet growth during the quarter. On a fully converted basis (including the conversion of all preferred equity), TBV/share ended the quarter at \$8.17 per share, up from \$6.83 at the end of 2019 and \$8.02 at the end of 3Q20. 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 \$0.96/share vs. \$0.09/share at the end of 4Q19 and \$0.79/share as of 3Q20. The current fully converted share count at the end of the quarter was 7.816 million shares, comprised of 5.761 million common shares and 2.055 million preferred shares.

Asset quality ratios continued a multi-quarter trend of improvement even with the COVID economic environment. Loan deferrals remained flat with 3Q20 and NPAs to assets declined to 0.55% vs. 0.59% in 3Q20. As of December 31, 2020 the Company's OREO balances remained \$447,000, from 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)

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Interest Income					
Loans					
Construction and Development	\$669	\$744	\$758	\$781	\$761
Commercial Real Estate	2,030	1,856	1,974	1,846	1,824

Commercial Loans	645	553	567	542	547
Multi Family	28	21	21	25	65
Residential Mortgage	1,029	904	750	743	636
Consumer Loans	34	36	29	28	29
County/Municipal Loans	24	34	41	50	21
Loss Share Loans	58	46	37	33	29
Investment Securities					
Federal Funds/Overnight Funds	\$77	\$129	\$6	\$8	\$15
Bank Owned CDs	2	0	0	0	0
Investment Securities	996	1,023	1,393	1,425	1,494
Total Interest Income	\$5,592	\$5,346	\$5,576	\$5,481	\$5,420
Total Interest Expense	\$699	\$769	\$741	\$702	\$678
Net Interest Income	\$4,893	\$4,577	\$4,835	\$4,779	\$4,742
Provision for Loan Losses	0	150	450	0	0
Net Interest Income after Loan Losses	\$4,893	\$4,427	\$4,385	\$4,779	\$4,742
Other Income					
Service Charges on Deposits	\$144	\$138	\$132	\$130	\$128
NSF/Overdraft Fees	348	305	158	213	231
Other Service Charges	95	64	71	78	73
ATM/Billpay/DR Card Income	271	247	277	298	306
Other Income	268	238	664	1,441	207
Total Other Income	\$1,186	\$992	\$1,303	\$2,160	\$946
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$2,140	\$1,940	\$1,711	\$1,985	\$2,140
Employee Benefits	379	412	341	276	523
Occupancy & FF&E Expense	529	503	506	475	474
Professional Fees	149	141	143	197	235
Data Processing	502	488	385	353	362
Other Expense	667	632	661	672	665
Total Noninterest Expenses	\$4,366	\$4,116	\$3,747	\$3,958	\$4,400
Pre-Tax Income (Loss)	\$1,713	\$1,303	\$1,941	\$2,981	\$1,288
Income Taxes	389	265	316	580	160
Net Income	\$1,323	\$1,038	\$1,625	\$2,401	\$1,127

Balance Sheet (\$000s, Unaudited)

<u>Assets</u>	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Current Assets					
Cash & Due from Bank	\$38,555	\$19,845	\$22,520	\$39,600	\$81,969
Federal Funds/Overnight Funds	5,215	0	7,873	10,101	4,192
Bank Owned CDs	77	0	0	0	0

Investment Securities	139,880	184,377	218,680	222,913	265,602
Total Current Assets	\$183,727	\$204,222	\$249,072	\$272,614	\$352,484

Loans

Construction and Development	\$47,593	\$56,430	\$64,320	\$65,675	\$54,631
Commercial Real Estate	146,287	142,610	139,407	134,986	140,558
Commercial Loans	53,833	53,383	56,860	55,327	47,556
Multi Family	1,611	1,601	1,590	1,714	6,346
Residential Mortgage	77,772	73,778	66,810	62,672	59,856
Consumer Loans	830	2,144	2,472	1,868	13,908
County/Municipal Loans	3,109	3,732	4,851	1,990	1,982
Loss Share Loans	3,601	2,451	2,315	2,152	1,848
Total Loans	\$334,635	\$336,129	\$338,625	\$326,383	\$326,684
Allowance for Loss	<u>(3,039)</u>	<u>(3,184)</u>	<u>(3,984)</u>	<u>(3,705)</u>	<u>(3,705)</u>
Net Loans	\$331,596	\$332,946	\$334,641	\$322,678	\$322,979
OREO	497	529	447	447	447
FDIC Indemnification	0	0	0	0	0
BOLI	22,456	22,583	22,737	22,872	23,009
Fixed Assets, net	8,862	8,705	8,697	8,540	8,581
Intangible Assets	84	80	68	64	1,089
Other Assets	<u>8,740</u>	<u>8,604</u>	<u>6,731</u>	<u>7,030</u>	<u>6,501</u>
Total Assets	\$555,960	\$577,669	\$622,383	\$634,245	\$715,090

Liabilities & Stockholders'

Equity

Liabilities

Deposits

DDAs	\$103,154	\$96,517	\$114,554	\$118,082	\$130,268
Interest Bearing Demand	87,685	85,746	96,141	95,732	128,477
Celebration Checking	98,558	103,718	111,421	114,657	132,372
Money Market Accts	33,888	37,693	38,650	43,746	44,427
Savings	44,370	44,516	47,674	48,928	51,953
CDs Less Than \$100k	54,228	53,616	52,709	51,735	58,452
CDs Greater than \$100k	<u>43,404</u>	<u>47,259</u>	<u>47,049</u>	<u>43,612</u>	<u>49,715</u>
Total Deposits	\$465,288	\$469,064	\$508,198	\$516,491	\$595,664
Other Liabilities	2,143	2,415	2,184	2,772	2,285
Net Borrowings (Wholesale Funding)	34,697	50,228	50,546	52,258	52,263
Total Liabilities	\$502,127	\$521,708	\$560,918	\$571,522	\$650,212
Total Equity	53,833	55,961	61,465	62,723	64,878
Total Liabilities & Stockholders' Equity	\$555,960	\$577,669	\$622,393	\$634,245	\$715,090

Ratios

	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ROAA	0.98%	0.75%	1.05%	1.53%	0.69%
ROAE	9.52%	7.30%	10.87%	16.88%	6.79%
NPAs/Assets	0.77%	0.80%	0.71%	0.59%	0.55%
Est. T1 Leverage (Bank)	9.63%	9.62%	8.99%	9.41%	9.08%
Total Common Shares	5,832,793	5,832,793	5,786,288	5,761,439	5,761,439
Total Preferred Shares	2,054,759	2,054,759	2,054,759	2,054,759	2,054,759
Total Common Equiv. Shares	7,887,552	7,887,552	7,841,047	7,816,198	7,816,198
NIM (Bank)	4.03%	3.65%	3.37%	3.22%	3.17%
Cost of Deposits (Bank)	0.53%	0.54%	0.46%	0.41%	0.36%
Loan/Deposit	71.9%	71.6%	66.6%	63.1%	54.8%
Employees	105	104	102	98	94
Loans in Atlanta MSA	77.5%	78.2%	79.1%	80.5%	77.8%