



NEWS

April 21, 2020

SouthCrest Financial Group Reports Preliminary 1Q20 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 \$1.04 million or \$0.13/share for the first quarter ended March 31, 2020. Excluding non-core items, core earnings were \$1.00 million, or \$0.13/share. Total net income is down 15% from 1Q19, but core EPS only declined \$0.01/share from \$0.14 in the year ago quarter.

“Most importantly, I would like to say how proud I am of our employees at SouthCrest who have performed amazingly well during this time of real hardship. Our customer facing teams have handled every transaction as safely as possible. Our operational and IT teams have supported their internal customers with efficiency and patience. And finally our leadership has worked tirelessly to make sure we make every new decision with as much knowledge and forethought as possible.”

“Financially, the first quarter was a challenge due to the changes in the interest rate environment that occurred starting in late February, and accelerated with the FOMC’s rate cut decisions in March. We do remain comfortable with our current capital and balance sheet position, but we will remain appropriately conservative until there is more transparency in the economic outlook and potential credit costs for the remainder of 2020. Importantly, we were able to take advantage of some of the pricing dislocation that occurred in municipal bonds in late March, which should partially offset the negative impact to revenues from the rate cuts”

The Company also is announcing that it will pay the regular quarterly dividend of \$0.05/share on May 14, 2020 to shareholders of record April 30, 2020.

Total assets increased to \$577.7 million vs. \$556.0 million in 4Q19, due to both an increase in deposits and an increase in wholesale funding, and vs. \$542.6 million in 1Q19. Wholesale funding increased during the quarter to partially fund the increased purchases of municipal bonds. Loan growth was slightly below plan for the quarter with total loans outstanding finishing at \$336.1 million vs. \$334.6 million at the end of 4Q19 and \$315.3 million in the year ago quarter. The cost of funds was up 3bps to 0.58%, from 0.55% in 4Q19 due to the lower day count and the increase in wholesale funding.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank was effectively flat with 4Q19 at to 9.62% from 9.63%. On a fully converted basis (including the

conversion of all preferred equity), TBV/share ended the quarter at \$7.09 per share, up from \$6.83 at the end of 2019. 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 \$0.28/share vs. \$0.09/share at the end of 4Q19. 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 remained effectively flat with the prior quarter, with NPAs to assets increasing to 0.80% vs. 0.77% in 4Q19. As of December 31, 2019 the Company's OREO balances were \$529,000.

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)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Interest Income					
Loans					
Construction and Development	\$609	\$603	\$636	\$669	\$744
Commercial Real Estate	1,800	1,834	2,037	2,030	1,856
Commercial Loans	458	429	446	645	553
Multi Family	19	32	27	28	21
Residential Mortgage	1,176	1,101	991	1,029	904
Consumer Loans	41	41	41	34	36
County/Municipal Loans	25	22	22	24	34
Loss Share Loans	62	61	61	58	46
Investment Securities					
Federal Funds/Overnight Funds	\$82	\$88	\$107	\$77	\$129
Bank Owned CDs	7	6	6	2	0
Investment Securities	1,168	1,111	950	996	1023
Total Interest Income	\$5,447	\$5,329	\$5,324	\$5,592	\$5,346
Total Interest Expense	\$746	\$759	\$658	\$699	\$769
Net Interest Income	\$4,701	\$4,570	\$4,666	\$4,893	\$4,577
Provision for Loan Losses	0	0	39	0	150
Net Interest Income after Loan Losses	\$4,701	\$4,570	\$4,627	\$4,893	\$4,427
Other Income					
Service Charges on Deposits	\$156	\$153	\$148	\$144	\$138
NSF/Overdraft Fees	309	310	356	348	305
Other Service Charges	65	70	78	95	64
ATM/Billpay/DR Card Income	255	284	278	271	247
Other Income	204	131	308	268	238
Total Other Income	\$989	\$947	\$1,169	\$1,186	\$992
Non-Interest Expense					
Salaries, Other Comp (+ FAS123R)	\$1,849	\$1,842	\$1,856	\$2,140	\$1,940
Employee Benefits	419	370	391	379	412
Occupancy & FF&E Expense	621	570	564	529	503
Professional Fees	170	274	152	149	141
Data Processing	481	488	497	502	488
Other Expense	649	613	505	667	632
Total Noninterest Expenses	\$4,189	\$4,157	\$3,963	\$4,366	\$4,116
Pre-Tax Income (Loss)	\$1,501	\$1,360	\$1,832	\$1,713	\$1,303

Income Taxes	321	315	417	389	265
Net Income	\$1,180	\$1,045	\$1,414	\$1,323	\$1,038

Balance Sheet (\$000s, Unaudited)

Assets	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Current Assets					
Cash & Due from Bank	\$20,243	\$30,930	\$13,758	\$38,555	\$19,845
Federal Funds/Overnight Funds	1,718	0	0	5,215	0
Bank Owned CDs	1,322	1,322	1,069	77	0
Investment Securities	161,561	141,013	139,907	139,880	184,377
Total Current Assets	\$184,844	\$173,265	\$154,733	\$183,727	\$204,222

Loans

Construction and Development	\$41,777	\$40,040	\$43,661	\$47,593	\$56,430
Commercial Real Estate	144,178	153,527	155,397	146,287	142,610
Commercial Loans	28,177	28,036	42,921	53,833	53,383
Multi Family	1,438	1,970	1,939	1,611	1,601
Residential Mortgage	92,405	85,064	80,391	77,772	73,778
Consumer Loans	1,086	1,384	1,022	830	2,144
County/Municipal Loans	2,301	2,037	2,037	3,109	3,732
Loss Share Loans	3,975	3,933	3,859	3,601	2,451
Total Loans	\$315,337	\$315,991	\$331,227	\$334,488	\$334,488
Allowance for Loss	<u>(2,968)</u>	<u>(3,022)</u>	<u>(3,073)</u>	<u>(3,039)</u>	<u>(3,184)</u>
Net Loans	\$312,369	\$312,698	\$328,154	\$331,596	\$331,596
OREO	670	575	0	497	529
FDIC Indemnification	0	0	0	0	0
BOLI	22,039	22,186	22,323	22,456	22,583
Fixed Assets, net	9,268	9,180	8,982	8,862	8,705
Intangible Assets	107	100	96	84	80
Other Assets	<u>13,336</u>	<u>10,083</u>	<u>9,424</u>	<u>8,740</u>	<u>8,604</u>
Total Assets	\$542,633	\$528,503	\$523,711	\$555,960	\$577,669

Liabilities & Stockholders'

Equity

Liabilities

Deposits

DDAs	\$99,896	\$98,229	\$94,680	\$103,154	\$96,517
Interest Bearing Demand	59,270	59,606	63,386	87,685	85,746
Celebration Checking	102,617	100,950	97,277	98,558	103,718
Money Market Accts	49,584	33,080	32,382	33,888	37,693
Savings	44,152	44,407	44,383	44,370	44,516
CDs Less Than \$100k	56,664	56,256	56,543	54,228	53,616
CDs Greater than \$100k	<u>39,867</u>	<u>38,854</u>	<u>41,846</u>	<u>43,404</u>	<u>47,259</u>

Total Deposits	\$452,054	\$431,382	\$430,497	\$465,288	\$469,064
Other Liabilities	2,492	2,583	2,516	2,143	2,415
Net Borrowings (Wholesale Funding)	30,000	33,795	33,429	34,697	50,228
Total Liabilities	\$484,546	\$467,760	\$466,443	\$502,127	\$521,708
Total Equity	58,087	60,743	57,268	53,833	55,961
Total Liabilities & Stockholders' Equity	\$542,633	\$528,503	\$523,711	\$555,960	\$577,669

Ratios

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
ROAA	0.86%	0.78%	1.09%	0.98%	0.75%
ROAE	8.32%	7.04%	10.10%	9.52%	7.30%
NPAs/Assets (Core)	0.92%	1.09%	1.00%	0.77%	0.80%
Est. T1 Leverage (Bank)	9.46%	9.95%	9.65%	9.63%	9.62%
Total Common Shares	6,198,632	6,360,273	5,849,101	5,832,793	5,832,793
Total Preferred Shares	2,223,360	2,061,719	2,058,121	2,054,759	2,054,759
Total Common Equiv. Shares	8,421,992	8,421,992	7,907,222	7,887,552	7,887,552
NIM (Bank)	3.79%	3.74%	3.92%	4.03%	3.65%
Cost of Deposits	0.49%	0.51%	0.54%	0.53%	0.54%
Loan/Deposit	69.5%	73.0%	76.7%	71.9%	71.6%
Employees	105	106	103	105	104
Loans in Atlanta MSA	66.0%	67.4%	76.8%	77.5%	78.2%