



October 21, 2020

## SouthCrest Financial Group Reports Preliminary 3Q20 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 \$2.40 million or \$0.31/share for the third quarter ended September 30, 2020. Excluding non-core items, primarily securities gains, core earnings were \$1.49 million, or \$0.19/share. Total core net income was up 6% from 3Q19, and increased by 23% from 2Q20.

“We continue to be thankful for the efforts of all of our team members during this stressful period, and the ongoing partnerships we have with our customers. This is a marathon that we will all finish together one day.”

“Financially, we remain very comfortable with the credit and capital position at SouthCrest. Loan deferrals ended the quarter at 0.17% after hitting a high of nearly 18% during the second quarter. Earnings have held up well to this point and while we will experience some NIM compression, we will be focusing on maximizing ROA and maintaining appropriate capital levels. Expense discipline has been exceptional this year with total expenses running 5% below budget, even with COVID expenses.”

Total assets increased to \$634.2 million vs. \$622.4 million in 2Q20 and \$523.7MM in the year ago quarter. Loan balances declined as payoffs accelerated during the quarter, finishing at \$326.4 million vs. \$338.6 million at the end of 2Q20 and \$331.2 million 3Q19. The ALLL fell from \$4.0MM (1.18% of loans) to \$3.7MM (1.14% of loans) in the quarter due to the resolution of a pre-COVID bankruptcy.

Interest income decreased 1.7% from 2Q20 due to the decrease in loan balances and the resulting higher cash levels. Interest expense declined 5.3% during the quarter as well which led to an overall net interest income decrease of 1.2% or \$56,000 versus the second quarter. During the third quarter, the cost of deposits declined by 5bps to 0.41%. Provision expense fell to zero from \$450,000 in the prior quarter.

Non-interest income, excluding the \$1.23MM of securities gains, was up from the prior three months with NSF and overdraft fees increasing by 34% as the primary driver, although these fees remain down 40% over the prior year. Non-interest expense increased slightly as bonus accruals were reinstated, but otherwise core expenses fell approximately 4% on all other expense lines.

The estimated Tier 1 Leverage ratio at the end of the quarter for SouthCrest Bank increased to 9.41% from 8.99% as a result of the income and securities gains offsetting the additional growth of the balance sheet. On a fully converted basis (including the conversion of

all preferred equity), TBV/share ended the quarter at \$8.02 per share, up from \$6.83 at the end of 2019 and \$7.84 at the end of 2Q20. 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 \$0.79/share vs. \$0.09/share at the end of 4Q19 and \$0.86/share as of 2Q20. 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. NPAs to assets declined to 0.59% vs. 0.71% in 2Q20. As of June 30, 2020 the Company's OREO balances were \$447,000.

### ABOUT SOUTHCREST

SouthCrest Financial Group, Inc. is a bank holding company with over \$630 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)

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
<b>Interest Income</b>					
Loans					
Construction and Development	\$636	\$669	\$744	\$758	\$781
Commercial Real Estate	2,037	2,030	1,856	1,974	1,846
Commercial Loans	446	645	553	567	542
Multi Family	27	28	21	21	25
Residential Mortgage	991	1,029	904	750	743
Consumer Loans	41	34	36	29	28
County/Municipal Loans	22	24	34	41	50
Loss Share Loans	61	58	46	37	33

**Investment Securities**

Federal Funds/Overnight Funds	\$107	\$77	\$129	\$6	\$8
Bank Owned CDs	6	2	0	0	0
Investment Securities	950	996	1,023	1,393	1,425
<b>Total Interest Income</b>	<b>\$5,324</b>	<b>\$5,592</b>	<b>\$5,346</b>	<b>\$5,576</b>	<b>\$5,481</b>

<b>Total Interest Expense</b>	\$658	\$699	\$769	\$741	\$702
<b>Net Interest Income</b>	<b>\$4,666</b>	<b>\$4,893</b>	<b>\$4,577</b>	<b>\$4,835</b>	<b>\$4,779</b>
Provision for Loan Losses	39	0	150	450	0
<b>Net Interest Income after Loan Losses</b>	<b>\$4,627</b>	<b>\$4,893</b>	<b>\$4,427</b>	<b>\$4,385</b>	<b>\$4,779</b>

**Other Income**

Service Charges on Deposits	\$148	\$144	\$138	\$132	\$130
NSF/Overdraft Fees	356	348	305	158	213
Other Service Charges	78	95	64	71	78
ATM/Billpay/DR Card Income	278	271	247	277	298
Other Income	308	268	238	664	1,441
<b>Total Other Income</b>	<b>\$1,169</b>	<b>\$1,186</b>	<b>\$992</b>	<b>\$1,303</b>	<b>\$2,160</b>

**Non-Interest Expense**

Salaries, Other Comp (+ FAS123R)	\$1,856	\$2,140	\$1,940	\$1,711	\$1,985
Employee Benefits	391	379	412	341	276
Occupancy & FF&E Expense	564	529	503	506	475
Professional Fees	152	149	141	143	197
Data Processing	497	502	488	385	353
Other Expense	505	667	632	661	672
<b>Total Noninterest Expenses</b>	<b>\$3,963</b>	<b>\$4,366</b>	<b>\$4,116</b>	<b>\$3,747</b>	<b>\$3,958</b>
<b>Pre-Tax Income (Loss)</b>	<b>\$1,832</b>	<b>\$1,713</b>	<b>\$1,303</b>	<b>\$1,941</b>	<b>\$2,981</b>
Income Taxes	417	389	265	316	580
<b>Net Income</b>	<b>\$1,414</b>	<b>\$1,323</b>	<b>\$1,038</b>	<b>\$1,625</b>	<b>\$2,401</b>

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

<b>Assets</b>	<b>Q3 2019</b>	<b>Q4 2019</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>
<b>Current Assets</b>					
Cash & Due from Bank	\$13,758	\$38,555	\$19,845	\$22,520	\$39,600
Federal Funds/Overnight Funds	0	5,215	0	7,873	10,101
Bank Owned CDs	1,069	77	0	0	0
Investment Securities	139,907	139,880	184,377	218,680	222,913
<b>Total Current Assets</b>	<b>\$154,733</b>	<b>\$183,727</b>	<b>\$204,222</b>	<b>\$249,072</b>	<b>\$272,614</b>
<b>Loans</b>					
Construction and Development	\$43,661	\$47,593	\$56,430	\$64,320	\$65,675
Commercial Real Estate	155,397	146,287	142,610	139,407	134,986

Commercial Loans	42,921	53,833	53,383	56,860	55,327
Multi Family	1,939	1,611	1,601	1,590	1,714
Residential Mortgage	80,391	77,772	73,778	66,810	62,672
Consumer Loans	1,022	830	2,144	2,472	1,868
County/Municipal Loans	2,037	3,109	3,732	4,851	1,990
Loss Share Loans	3,859	3,601	2,451	2,315	2,152
<b>Total Loans</b>	<b>\$331,227</b>	<b>\$334,635</b>	<b>\$336,129</b>	<b>\$338,625</b>	<b>\$326,383</b>
Allowance for Loss	<u>(3,073)</u>	<u>(3,039)</u>	<u>(3,184)</u>	<u>(3,984)</u>	<u>(3,705)</u>
<b>Net Loans</b>	<b>\$328,154</b>	<b>\$331,596</b>	<b>\$332,946</b>	<b>\$334,641</b>	<b>\$322,678</b>
OREO	0	497	529	447	447
FDIC Indemnification	0	0	0	0	0
BOLI	22,323	22,456	22,583	22,737	22,872
Fixed Assets, net	8,982	8,862	8,705	8,697	8,540
Intangible Assets	96	84	80	68	64
Other Assets	<u>9,424</u>	<u>8,740</u>	<u>8,604</u>	<u>6,731</u>	<u>7,030</u>
<b>Total Assets</b>	<b>\$523,711</b>	<b>\$555,960</b>	<b>\$577,669</b>	<b>\$622,383</b>	<b>\$634,245</b>

### Liabilities & Stockholders'

#### Equity

#### Liabilities

#### Deposits

DDAs	\$94,680	\$103,154	\$96,517	\$114,554	\$118,082
Interest Bearing Demand	63,386	87,685	85,746	96,141	95,732
Celebration Checking	97,277	98,558	103,718	111,421	114,657
Money Market Accts	32,382	33,888	37,693	38,650	43,746
Savings	44,383	44,370	44,516	47,674	48,928
CDs Less Than \$100k	56,543	54,228	53,616	52,709	51,735
CDs Greater than \$100k	<u>41,846</u>	<u>43,404</u>	<u>47,259</u>	<u>47,049</u>	<u>43,612</u>
<b>Total Deposits</b>	<b>\$430,497</b>	<b>\$465,288</b>	<b>\$469,064</b>	<b>\$508,198</b>	<b>\$516,491</b>
Other Liabilities	2,516	2,143	2,415	2,184	2,772
Net Borrowings (Wholesale Funding)	33,429	34,697	50,228	50,546	52,258
<b>Total Liabilities</b>	<b>\$466,443</b>	<b>\$502,127</b>	<b>\$521,708</b>	<b>\$560,918</b>	<b>\$571,522</b>
<b>Total Equity</b>	<b>57,268</b>	<b>53,833</b>	<b>55,961</b>	<b>61,465</b>	<b>62,723</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$523,711</b>	<b>\$555,960</b>	<b>\$577,669</b>	<b>\$622,393</b>	<b>\$634,245</b>

#### Ratios

	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q2 2020
ROAA	1.09%	0.98%	0.75%	1.05%	1.53%
ROAE	10.10%	9.52%	7.30%	10.87%	16.88%
NPA/Assets (Core)	1.00%	0.77%	0.80%	0.71%	0.59%

Est. T1 Leverage (Bank)	9.65%	9.63%	9.62%	8.99%	9.41%
Total Common Shares	5,849,101	5,832,793	5,832,793	5,786,288	5,761,439
Total Preferred Shares	2,058,121	2,054,759	2,054,759	2,054,759	2,054,759
Total Common Equiv. Shares	7,907,222	7,887,552	7,887,552	7,841,047	7,816,198
NIM (Bank)	3.92%	4.03%	3.65%	3.37%	3.22%
Cost of Deposits (Bank)	0.54%	0.53%	0.54%	0.46%	0.41%
Loan/Deposit	76.7%	71.9%	71.6%	66.6%	63.1
Employees	103	105	104	102	98
Loans in Atlanta MSA	76.8%	77.5%	78.2%	79.1%	80.5%