

SBT Bancorp, Inc. Announces Earnings for the Fourth Quarter 2017

Clarkesville, GA – SBT Bancorp, Inc., parent company of Southern Bank & Trust, reports financial results for the quarter ended December 31, 2017.

Fourth Quarter 2017 Highlights:

- YTD Net Income available to shareholders through the fourth quarter 2017 was \$1,485,865 or \$1.182 per share as compared to \$1,231,221 or \$1.02 per share YTD through the fourth quarter 2016.
- Total loan outstandings were \$142.6 million as of December 31, 2017 compared to \$118.5 million on December 31, 2016. This represented an increase of 20.31%.
- Net Interest income of \$7.06 million through December 31, 2017 was an increase of 23.71% over the same time period in 2016.
- The bank's credit quality remained in outstanding condition.
 - Thirty days and over past due loans were 0.17% of total loans at the end of fourth quarter 2017 compared to .20% at the end of fourth quarter 2016.
 - Nonaccrual loans to total loans were .91% in the fourth quarter of 2017 compared to 1.03% in the fourth quarter 2016.
- Total Deposits as of December 31, 2017 were \$152.2 million which is an increase of \$27.05 million or 21.57% since December 31, 2016.
- The bank's YTD net interest margin through December 31, 2017 improved to 4.59% from 4.48% for the same time period in 2016.

Tony Collins, Southern Bank & Trust President and CEO comments, "2017 was an outstanding year for our bank. The bank's growth in assets, deposits and net income was exceptional. However, the Tax Cuts and Jobs Act of 2017 signed into law on December 22, 2017 presented an unusual situation that negatively affected the bank's earnings for 2017. The financial information on following page shows a federal income tax expense of \$983,979 which includes a significant one time federal income tax expense of \$208,810. As a result of the Tax Cuts and Jobs Act of 2017 our bank (and many other banks) was required to book a one-time adjustment to our deferred tax assets. If we look at our operating numbers excluding the one-time adjustment, the bank had an excellent year."

The chart below is a comparison of our 2017 performance with and with-out the tax adjustment:

(unaudited)	2017 performance excluding the tax adjustment	2017 performance including the tax adjustment
Net Income	\$1,667,675	\$1,458,865
Return on Average Assets	1.04%	.91%
Return on Average Equity	10.02%	8.77%
Earnings per Share	\$1.35	\$1.18
Book Value per Share	\$14.04	\$13.87
Tier I Leverage Ratio	9.77%	9.65%

Although the Tax Cuts and Jobs Act of 2017 was detrimental to our bank's 2017 Net Income, *we look forward to experiencing the benefit of lower federal tax income brackets in the years ahead.* We expect to recoup most, if not all, of the additional 2017 tax expense in 2018.

As for 2018.....We do look forward to what we believe is setting up to be another good year. All of the traditional banking indicators are again trending positive for 2018. Our North Georgia economy appears to be continuing along a slow and steady growth pattern. Assuming the national economy does not take a nosedive and drive down our local economies, we should report another good year in 2018.

Please see the financial information on the following page for additional information about the bank. Please direct any questions to Deanna Mote, Chief Financial Officer or Tony Collins, CEO and President.

This information can also be seen by visiting our website www.southernbankandtrust.com and click the "Shareholders' Information" link.

SBT Bancorp, Inc
4Q 2017 Financial Information
Year-to-Date Results
(Unaudited)

	Dec-17	Dec-16	Dec-15
Summary of Operations			
Net Interest Income	\$7,060,420	\$5,707,064	\$4,733,704
Provision for loan losses	\$131,000	\$213,844	\$63,763
Non-interest income	\$740,992	\$695,510	\$508,150
Other non-interest expense	\$5,227,568	\$4,480,633	\$3,915,848
Earnings before tax	\$2,442,844	\$1,708,097	\$1,262,243
Income tax	\$983,979	\$476,876	\$378,800
Net Income	\$1,458,865	\$1,231,221	\$883,443
Per Share Ratios			
Earnings per Share	\$1.18	\$1.02	\$0.73
Book Value per Share	\$13.87	\$12.93	\$12.42
Profitability Ratios			
Return on Average Assets	0.91%	0.92%	0.73%
Return on Average Equity	8.77%	7.93%	6.10%
Net Interest Margin	4.59%	4.48%	4.14%
Selected Quarter-End Balances			
Assets	\$175,209,314	\$143,535,379	\$129,004,635
Loans	\$142,612,351	\$118,534,716	\$94,499,799
Deposits	\$152,515,232	\$125,459,139	\$112,942,121
Stockholders' Equity	\$17,109,019	\$15,630,867	\$14,996,334
Credit Quality Summary			
Allowance for Loan Losses	\$2,117,617	\$1,981,211	\$1,793,026
Allowance as a percentage of Loans	1.48%	1.67%	1.90%
Other Real Estate Owned	\$8,370	\$8,370	\$54,334
30 days and over past due	0.17%	0.20%	0.38%
Non-Accrual Loans	\$1,294,339	\$1,220,347	\$1,245,372
Capital Adequacy Ratios			
Tier 1 Leverage Ratio	9.65%	11.04%	11.53%
Tier 1 Risk Based Capital Ratio	12.94%	13.47%	15.90%
Total Risk Based Capital Ratio	14.19%	14.72%	17.16%