

**For Immediate Release**

Contact: Gates Little

(256) 543-3860

August 21, 2020

**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES  
PRELIMINARY FOURTH QUARTER EARNINGS**

Gates Little, President and Chief Executive Officer of The Southern Banc Company, Inc. (OTCBB: SRNN), the holding company for The Southern Bank Company, announced preliminary unaudited results (subject to audit adjustments following the fiscal year-end audit) of operations for the fourth quarter and year ended June 30, 2020:

- For the three months ended June 30, 2020, the Company reported net income of approximately \$40,000, or \$0.05 per basic and diluted share as compared to net income of approximately \$95,000, or \$0.12 per basic and diluted share, for the three months ended June 30, 2019.
- For the fiscal year ended June 30, 2020, the Company recorded net income of approximately \$314,000, or \$0.41 per basic and diluted share, as compared to net income of approximately \$464,000, or \$0.61 per basic and diluted share, for the fiscal year ended June 30, 2019.
- For the three months ended June 30, 2020, net interest income before provision for loan losses decreased approximately \$192,000, or (17.72%) as compared to the same period in 2019. The decrease in net interest income for the three-month period was primarily attributable to a decrease in interest and fees on loans in the amount of approximately \$118,000, a decrease in other interest income of approximately \$75,000 or (95.50%) offset in part by an increase in interest and dividends on securities of approximately \$15,000. The decrease in interest and fees on loans was primarily attributable to a decrease in factoring activity from some large clients, and a decrease in loans and leases outstanding. The decrease in other interest income was primarily attributable to interest income earned on overnight funds in a falling rate environment. In addition, the COVID pandemic had a significant impact total interest income for the quarter. For the three months ended June 30, 2020, interest paid on deposits and borrowings increased approximately \$14,000 as compared to the same period in 2019. Total deposits during the quarter increased approximately \$5 million.
- For the fiscal year ended June 30, 2020, interest income decreased approximately \$106,000 or (1.93%) while interest expenses increased approximately \$200,000, or 21.81%. The decrease in interest income for the fiscal year ended June 30, 2020 was primarily attributable to a decrease in interest and fees on loans and a decrease in interest and dividends on securities. For the fiscal year ended June 30, 2020 other interest income increased approximately \$20,000 or 9.72% due to an increase in interest on overnight funds. For the fiscal year ended June 30, 2020, interest on deposits increased approximately \$261,000, or 30.60% while interest expense on borrowings decreased approximately \$61,000 or (93.20%). For the fiscal year ended June 30, 2020 provision for loan losses increased approximately \$25,000, or 124.53% from approximately \$20,000 for fiscal year 2019 to \$44,000 for fiscal year 2020.
- For the fiscal year ended June 30, 2020, non-interest income increased approximately \$225,000, or 132.30% from \$170,000 for fiscal year 2019 to \$395,000 for fiscal year 2020. The increase in non-interest income was primarily attributable to a net gain on the sale of securities available for sale of approximately \$91,000, an increase in miscellaneous income of approximately \$118,000 or 237.98% and an increase in customer service fees of approximately \$16,000 or 12.97%.
- For the three months ended June 30, 2020 total non-interest expenses increased approximately \$72,000, or 7.26%, as compared to the same three-month period in 2019. The increase in non-interest expense for the three-month period was primarily attributable to increases in professional service expenses of approximately \$53,000, or 65.97%, data processing expenses of approximately \$26,000 or 21.03%, occupancy expenses of approximately \$11,000 or 18.02% and an increase in salaries and benefits of approximately \$4,000, or 0.70%.
- For the fiscal year ended June 30, 2020, total non-interest expenses increased approximately \$98,000, or 2.41%, as compared to fiscal year 2019. The increase in non-interest expense for the fiscal year was primarily attributable to increases in data processing service expenses of approximately \$101,000, or 20.11%, professional services expense of approximately \$4,000, or 0.92%, salary and benefit expenses of approximately \$2,300, or 0.10%, occupancy expenses of approximately \$20,000 or 8.74% offset in part by a decrease in other operating expenses of approximately \$30,000 or (5.5%).

The Company's total assets at June 30, 2020 was approximately \$103.4 million as compared to \$97.7 million at June 30, 2019. Total stockholders' equity was approximately \$12.4 million, or 12.00% of assets and \$11.8 million, or 12.00% of assets at June 30, 2020 and 2019, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2020 has been prepared on the same basis as our audited financial information and includes, in the opinion of management, all adjustments necessary to present the data for such periods. The Company expects to release its final year end results and its related audited financial statements in October 2020, following completion of the year-end audit. Historical results are not necessarily indicative of future results. The Bank has four full service banking offices located in Gadsden, Albertville, Guntersville, and Centre, AL, and one loan production office in Birmingham, AL. The stock of The Southern Banc Company, Inc. is listed on the OTC Bulletin Board under the symbol "SRNN".

*Certain statements in this release contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which statements can generally be identified by the use of forward-looking terminology, such as "may," "will," "expect," "estimate," "anticipate," "believe," "target," "plan," "project," "continue," or the negatives thereof, or other variations thereon or similar terminology, and are made on the basis of management's plans and current analyses of the Company, its business and the industry as a whole. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, economic conditions, competition, interest rate sensitivity and exposure to regulatory and legislative changes. The above factors, in some cases, have affected, and in the future could affect the Company's financial performance and could cause actual results to differ materially from those expressed or implied in such forward-looking statements, even if experience or future changes make it clear that any projected results expressed or implied therein will not be realized.*

(Selected financial data attached)

THE SOUTHERN BANC COMPANY, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Dollar Amounts in Thousands)

	June 30, 2020 (Unaudited)	June 30, 2019
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 25,766	\$ 17,697
SECURITIES AVAILABLE FOR SALE, at fair value	25,972	18,567
FEDERAL HOME LOAN BANK (FHLB) STOCK	174	177
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$895 and \$974, respectively	49,138	58,874
PREMISES AND EQUIPMENT, net	736	783
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	224	193
PREPAID EXPENSES AND OTHER ASSETS	1,422	1,416
TOTAL ASSETS	<u>\$ 103,432</u>	<u>\$ 97,705</u>
LIABILITIES		
DEPOSITS	\$ 88,766	\$ 82,341
FHLB ADVANCES	0	2,000
OTHER LIABILITIES	2,245	1,603
TOTAL LIABILITIES	<u>91,011</u>	<u>85,945</u>
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share 500,000 shares authorized, shares issued and outstanding—none	0	0
Common stock, par value \$.01 per share, 3,500,000 authorized, 1,454,750 shares issued, 806,086 shares outstanding	15	15
Additional paid-in capital	13,907	13,887
Shares held in trust, 44,506 shares at cost	(754)	(706)
Retained earnings	7,592	7,277
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income / (loss)	<u>486</u>	<u>112</u>
TOTAL STOCKHOLDERS' EQUITY	<u>12,421</u>	<u>11,760</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 103,432</u>	<u>\$ 97,705</u>

THE SOUTHERN BANC COMPANY, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(Dollar Amounts in Thousands, except per share data)

	Three Months Ended June 30,		Year Ended June 30,	
	2020 (Unaudited)	2019	2020 (Unaudited)	2019
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 1,029	\$ 1,147	\$ 4,716	\$ 4,831
Interest and dividends on securities	127	112	437	447
Other interest income	3	78	224	204
<b>Total interest income</b>	<b>1,159</b>	<b>1,337</b>	<b>5,377</b>	<b>5,482</b>
<b>INTEREST EXPENSE:</b>				
Interest on deposits	269	247	1,114	853
Interest on borrowings	0	8	4	65
<b>Total interest expense</b>	<b>269</b>	<b>255</b>	<b>1,118</b>	<b>918</b>
Net interest income before provision for loan losses	890	1,082	4,259	4,564
Provision for loan losses	0	12	44	19
<b>Net interest income after provision for loan losses</b>	<b>890</b>	<b>1,070</b>	<b>4,215</b>	<b>4,545</b>
<b>NON-INTEREST INCOME:</b>				
Fees and other non-interest income	26	30	136	120
Gain / (loss) on sale of securities, net	91	0	91	0
Miscellaneous income	111	26	168	50
<b>Total non-interest income</b>	<b>227</b>	<b>56</b>	<b>395</b>	<b>170</b>
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	597	593	2,361	2,359
Equipment and Occupancy expenses	70	59	254	233
Professional Services Expense	133	80	455	451
Data Processing Expense	148	123	605	504
Other operating expense	116	137	506	535
<b>Total non-interest expense</b>	<b>1,064</b>	<b>992</b>	<b>4,180</b>	<b>4,082</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>53</b>	<b>134</b>	<b>429</b>	<b>633</b>
Provision for income taxes	13	39	115	169
<b>NET INCOME (LOSS)</b>	<b>\$ 40</b>	<b>\$ 95</b>	<b>\$ 314</b>	<b>\$ 464</b>
<b>INCOME (LOSS) PER SHARE:</b>				
Basic	\$ 0.05	\$ 0.12	\$ 0.41	\$ 0.61
Diluted	\$ 0.05	\$ 0.12	\$ 0.41	\$ 0.61
<b>DIVIDENDS DECLARED PER SHARE</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>AVERAGE SHARES OUTSTANDING:</b>				
Basic	766,826	766,826	766,826	766,826
Diluted	766,826	766,826	766,826	766,826