

For Immediate Release

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**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES
FIRST QUARTER EARNINGS**

The Southern Banc Company, Inc. (OTCBB: SRNN), the holding company for The Southern Bank Company, formerly First Federal Savings and Loan Association of Gadsden, Alabama, announced a net income of \$28,984, or \$0.04 per basic and diluted share, for the quarter ended September 30, 2020, as compared to a net income \$126,221, or \$0.16 per basic and diluted share, for the quarter ended September 30, 2019.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins decreased by approximately \$217,000 or (18.69%) during the quarter as compared to the same period in 2019. Net interest income before provision for loan losses was approximately \$943,000 and \$1.2 million for the quarters ended September 30, 2020 and 2019, respectively. For the three-months ended September 30, 2020 total interest income decreased approximately \$244,000 or (16.86%) as compared to the same period in 2019. Total interest expense decreased approximately \$27,000 or (9.41%) for the three-months ended September 30, 2020 as compared to the same period in 2019. Provision for loan and lease losses decreased approximately \$6,000 during the quarter as compared to the same period in 2019. Net interest income after provision for loan and lease losses decreased approximately \$211,000, or (18.26%) for the quarter ended September 30, 2020, as compared to the same quarter in 2019. For the quarter ended September 30, 2020, total non-interest income increased approximately \$19,000 or 50.77% while total non-interest expense decreased approximately \$60,000 or (5.86%) as compared to the same three-month period in 2019. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$22,000 or 269.29% offset in part by a decrease in customer service fees of approximately \$2,700 or (8.97%). The decrease in non-interest expense was primarily attributable to decreases in salaries and benefits of approximately \$39,000 or (6.72%), professional service expenses of approximately \$13,000 or (13.13%) and other operating expenses of approximately \$21,000 or (14.90%) offset in part by an increase in data processing expenses of approximately \$16,000 or 12.29%.

President Little continued, "the Company's interest margins decreased due to lower interest rates and higher prepayments due to the actions of the Federal Reserve in response to the COVID -19 epidemic. We have had a resurgence in loan demand, however, and have recovered much of the lost loan volume, albeit at lower interest rates."

The Company's total assets at September 30, 2020 were \$102.8 million, as compared to \$103.3 million at June 30, 2020. Total stockholders' equity was approximately \$12.4 million at September 30, 2020 or 12.1% of total assets as compared to approximately \$12.3 million at June 30, 2020 or approximately 12.0% of total assets.

The Bank has four offices located in Gadsden, Albertville, Guntersville, and Centre, Alabama. The stock of The Southern Banc Company, Inc. trades in the over-the-counter market on the OTC Pink Marketplace[®] 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 on following pages)

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

	September 30, 2020 <u>Unaudited</u>	June 30, 2020 <u>Audited</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 12,559	\$ 25,766
SECURITIES AVAILABLE FOR SALE, at fair value	35,393	25,874
FEDERAL HOME LOAN BANK STOCK	174	174
LOANS RECEIVABLE, net of allowance for loan losses of \$801 and \$895, respectively	52,395	49,105
PREMISES AND EQUIPMENT, net	729	736
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	252	224
PREPAID EXPENSES AND OTHER ASSETS	1,330	1,423
TOTAL ASSETS	\$ <u>102,832</u>	\$ <u>103,302</u>
LIABILITIES		
DEPOSITS	\$ 86,529	\$ 88,766
FHLB ADVANCES	0	0
OTHER LIABILITIES	3,909	2,188
TOTAL LIABILITIES	<u>90,438</u>	<u>90,954</u>
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share 500,000 shares authorized, no shares issued and outstanding	0	0
Common stock, par value \$.01 per share, 3,500,000 authorized, 1,454,750 shares issued	15	15
Additional paid-in capital	13,911	13,906
Shares held in trust, 44,506 shares at cost, respectively	(754)	(754)
Retained earnings	7,621	7,592
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	426	414
TOTAL STOCKHOLDERS' EQUITY	<u>12,394</u>	<u>12,348</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>102,832</u>	\$ <u>103,302</u>

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

	Three Months Ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)
INTEREST INCOME:		
Interest and fees on loans	\$ 1,049	\$ 1,252
Interest and dividends on securities	150	107
Other interest income	2	84
Total interest income	1,201	1,443
INTEREST EXPENSE:		
Interest on deposits	258	280
Interest on borrowings	0	4
Total interest expense	258	284
Net interest income before provision for loan losses	943	1,159
Provision for loan losses	0	6
Net interest income after provision for loan losses	943	1,153
NON-INTEREST INCOME:		
Fees and other non-interest income	28	30
Net gain on sale of securities	0	0
Miscellaneous income	30	8
Total non-interest income	58	38
NON-INTEREST EXPENSE:		
Salaries and employee benefits	546	585
Office building and equipment expenses	59	60
Professional Services Expense	88	102
Data Processing Expense	145	129
Other operating expense	122	143
Total non-interest expense	960	1,019
Income before income tax expense	41	172
INCOME TAX EXPENSE		
	12	46
Net Income	\$ 29	\$ 126
LOSS PER SHARE:		
Basic	\$ 0.04	\$ 0.16
Diluted	\$ 0.04	\$ 0.16
DIVIDENDS DECLARED PER SHARE		
	\$ 0.00	\$ 0.00
AVERAGE SHARES OUTSTANDING:		
Basic	764,146	766,826
Diluted	764,146	766,826