

For Immediate Release

Contact: Gates Little

(256) 543-3860

May 14, 2021

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

The Southern Banc Company, Inc. (OTCBB: SRNN), the holding company for The Southern Bank Company announced net income of approximately \$138,000, or \$0.18 per basic and diluted share, for the quarter ended March 31, 2021, as compared to net income of approximately \$73,000, or \$0.10 per basic and diluted share, for the quarter ended March 31, 2020. The Company announced that for the nine-month period ended March 31, 2021, the Company recorded net income of approximately \$307,000, as compared to net income of approximately \$274,000 for the nine-month period ended March 31, 2020.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins increased approximately \$70,000 or 6.4% during the quarter as compared to the same period in 2020. The increase in the net interest margin before provision for loan losses for the quarter was primarily attributable to a decrease in total interest expense of approximately \$115,000, offset by a decrease in total interest income of approximately \$45,000. For the three months ended March 31, 2021 and March 31, 2020 the Company recorded no provision for loan and lease losses. For the quarter ended March 31, 2021, total non-interest income increased approximately \$9,000, or 14.1% while total non-interest expense decreased approximately \$8,000, or (0.7%) as compared to the same three-month period in 2020. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$16,000 offset in part by a decrease in customer services fees of approximately \$6,000. The decrease in non-interest expense was primarily attributable to decreases in data processing expenses of approximately \$24,000, occupancy expenses of approximately \$2,000 and salaries and benefits of approximately \$14,000 offset in part by an increase in professional service expenses of approximately \$9,000.

For the nine-months ended March 31, 2021, net interest income decreased approximately \$132,000 or (3.9%). Provision for loan and lease losses decreased approximately \$3,000 or (7.4%) during the nine-month period as compared to the same period in 2020. Net interest income after provision for loan and lease losses decreased approximately \$129,000 or (3.9%) for the nine-months ended March 31, 2021, as compared to the same period in 2020. For the nine-months ended March 31, 2021, total non-interest income increased approximately \$60,000 or 35.9% while total non-interest expense decreased approximately \$112,000 or (3.6%) as compared to the same period in 2020. The increase in non-interest income was primarily attributable to activity in the lease portfolio, offset in part by a decrease in customer service fees of approximately \$17,000. The decrease in non-interest expense was primarily attributable to decreases in professional service expense of approximately \$26,000, salaries and benefits of approximately \$133,000 offset in part by an increase in data processing expenses of approximately \$15,000.

The Company's total assets at March 31, 2021 were approximately \$111.4 million, as compared to \$103.3 million at June 30, 2020. Total stockholders' equity was approximately \$11.9 million at March 31, 2021 or 10.7% 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 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.
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
 (Dollar Amounts in Thousands)

	<u>March 31, 2021 (Unaudited)</u>	<u>June 30, 2020</u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 14,602	\$ 25,766
SECURITIES AVAILABLE FOR SALE, at fair value	41,692	25,874
FEDERAL HOME LOAN BANK STOCK	141	174
LOANS RECEIVABLE, net of allowance for loan losses of \$829 and \$895, respectively	52,698	49,105
PREMISES AND EQUIPMENT, net	714	736
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	253	224
PREPAID EXPENSES AND OTHER ASSETS	1,317	1,423
TOTAL ASSETS	\$ <u>111,417</u>	\$ <u>103,302</u>
LIABILITIES		
DEPOSITS	\$ 95,328	\$ 88,766
FHLB ADVANCES AND OTHER BORROWED MONEY	445	0
OTHER LIABILITIES	3,713	2,188
TOTAL LIABILITIES	<u>99,486</u>	<u>90,954</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	15	15
Additional paid-in capital	13,919	13,906
Shares held in trust, 45,243 and 44,506 shares at cost, Respectively	(760)	(754)
Retained earnings	7,898	7,592
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive (loss) income	<u>(316)</u>	<u>414</u>
TOTAL STOCKHOLDERS' EQUITY	<u>11,931</u>	<u>12,348</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>111,417</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 March 31,		Nine Months Ended March 31,	
	2021 (Unaudited)	2020	2021 (Unaudited)	2020
INTEREST INCOME:				
Interest and fees on loans	\$ 1,173	\$ 1,199	\$ 3,434	\$ 3,686
Interest and dividends on securities	145	103	440	311
Other interest income	3	64	7	221
Total interest income	1,321	1,366	3,881	4,218
INTEREST EXPENSE:				
Interest on deposits	165	280	645	845
Interest on borrowings	0	1	0	4
Total interest expense	165	281	645	849
Net interest income before provision for loan losses	1,155	1,085	3,236	3,369
Provision for loan losses	0	0	41	45
Net interest income after provision for loan losses	1,155	1,085	3,195	3,324
NON-INTEREST INCOME:				
Fees and other non-interest income	31	37	93	110
Net gain on sale of securities	0	1	0	1
Miscellaneous income	42	26	135	57
Total non-interest income	73	64	228	168
NON-INTEREST EXPENSE:				
Salaries and employee benefits	573	587	1,630	1,764
Office building and equipment expenses	60	61	180	184
Professional Services Expense	105	96	296	322
Data Processing Expense	157	181	471	456
Net loss on sale of securities	0	0	0	0
Other operating expense	146	124	427	390
Total non-interest expense	1,041	1,049	3,004	3,116
Income before income taxes	187	100	419	376
PROVISION FOR INCOME TAXES				
Net Income	\$ 138	\$ 73	\$ 307	\$ 274
EARNINGS PER SHARE:				
Basic	\$ 0.18	\$ 0.10	\$ 0.40	\$ 0.36
Diluted	\$ 0.18	\$ 0.10	\$ 0.40	\$ 0.36
DIVIDENDS DECLARED PER SHARE				
	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	761,335	761,596	761,335	764,998
Diluted	761,335	763,627	761,335	766,063