

For Immediate Release

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**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, 2021:

- For the three months ended June 30, 2021, the Company reported net income of approximately \$171,000, or \$0.22 per basic and diluted share as compared to net income of approximately \$40,000, or \$0.05 per basic and diluted share, for the three months ended June 30, 2020.
- For the fiscal year ended June 30, 2021, the Company recorded net income of approximately \$478,000, or \$0.63 per basic and diluted share, as compared to net income of approximately \$314,000, or \$0.41 per basic and diluted share, for the fiscal year ended June 30, 2020.
- For the three months ended June 30, 2021, net interest income before provision for loan losses increased approximately \$314,000, or 35.26% as compared to the same period in 2020. The increase in net interest income for the three-month period was primarily attributable to an increase in interest and fees on loans in the amount of approximately \$151,000 or 14.64%, an increase in interest and dividends on securities of approximately \$34,000 or 27.18% and a decrease in interest on deposits of approximately \$130,000 or (48.27%). The increase in interest and fees on loans was primarily attributable to an increase in factoring activity, and an increase 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. For the three months ended June 30, 2021, interest paid on deposits and borrowings decreased approximately \$130,000 as compared to the same period in 2020. Total deposits during the quarter increased approximately \$5 million. The COVID pandemic continues to have an impact on the bank's lending and deposit activities.
- For the fiscal year ended June 30, 2021, total interest income decreased approximately \$152,000 or (2.83%) while total interest expenses decreased approximately \$334,000, or (29.85%). The decrease in interest income for the fiscal year ended June 30, 2021 was primarily attributable to a decrease in interest and fees on loans and a decrease in other interest income totaling approximately \$316,000, offset in part by an increase in interest and dividends on securities of approximately \$164,000. For the fiscal year ended June 30, 2021, interest on deposits decreased approximately \$330,000, or (29.58%). For the fiscal year ended June 30, 2021 provision for loan losses decreased approximately \$3,000, or (7.39%) from approximately \$44,000 for fiscal year 2020 to \$41,000 for fiscal year 2021.
- For the fiscal year ended June 30, 2021, non-interest income decreased approximately \$67,000, or (17.05%) from \$395,000 for fiscal year 2020 to \$328,000 for fiscal year 2021. The decrease in non-interest income was primarily attributable to a decrease in net gain on the sale of securities available for sale of approximately \$91,000 or (100.00%), an increase in miscellaneous income of approximately \$35,000 or 20.71% and a decrease in customer service fees of approximately \$11,000 or (7.97%).
- For the three months ended June 30, 2021 total non-interest expenses increased approximately \$12,000, or 1.14%, as compared to the same three-month period in 2020. The increase in non-interest expense for the three-month period was primarily attributable to increases in data processing expenses of approximately \$19,000, or 12.85%, other operating expenses of approximately \$42,000 or 36.52%, offset in part by decreases in professional service expenses of approximately \$26,000 or (19.40%) and a decrease in salaries and benefits of approximately \$17,000, or (2.87%).
- For the fiscal year ended June 30, 2021, total non-interest expenses decreased approximately \$99,000, or (2.38%), as compared to fiscal year 2020. The decrease in total non-interest expense for the fiscal year was primarily attributable to decreases in professional services expenses of approximately \$52,000, or (11.42%), salary and benefit expenses of approximately \$150,000, or (6.36%), offset in part by increases in data processing expenses of approximately \$34,000 or 5.58% and other operating expenses of approximately \$80,000 or 15.73%.

The Company's total assets at June 30, 2021 were approximately \$112.4 million as compared to \$103.3 million at June 30, 2020. Total stockholders' equity was approximately \$12.5 million, or 11.10% of assets and \$12.3 million, or 12.00% of assets at June 30, 2021 and 2020, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2021 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 2021, 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, 2021 (Unaudited)	June 30, 2020
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 11,417	\$ 25,766
SECURITIES AVAILABLE FOR SALE, at fair value	44,608	25,874
FEDERAL HOME LOAN BANK (FHLB) STOCK	141	174
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$827 and \$895, respectively	54,127	49,105
PREMISES AND EQUIPMENT, net	727	736
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	276	224
PREPAID EXPENSES AND OTHER ASSETS	1,130	1,423
TOTAL ASSETS	<u>\$ 112,426</u>	<u>\$ 103,302</u>
LIABILITIES		
DEPOSITS	\$ 93,839	\$ 88,766
FHLB ADVANCES AND OTHER BORROWED MONEY	430	0
OTHER LIABILITIES	5,702	2,188
TOTAL LIABILITIES	<u>99,971</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, 806,086 shares outstanding	15	15
Additional paid-in capital	13,922	13,907
Shares held in trust, 45,243 shares at cost	(761)	(754)
Retained earnings	8,070	7,592
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income / (loss)	<u>34</u>	<u>414</u>
TOTAL STOCKHOLDERS' EQUITY	<u>12,455</u>	<u>12,348</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 112,426</u>	<u>\$ 103,302</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,	
	2021 (Unaudited)	2020	2021 (Unaudited)	2020
INTEREST INCOME:				
Interest and fees on loans	\$ 1,180	\$ 1,029	\$ 4,614	\$ 4,716
Interest and dividends on securities	161	127	602	437
Other interest income	2	3	9	224
	1,343	1,159	5,225	5,377
INTEREST EXPENSE:				
Interest on deposits	139	269	785	1,114
Interest on borrowings	0	0	0	4
Total interest expense	139	269	785	1,118
Net interest income before provision for loan losses	1,204	890	4,440	4,259
Provision for loan losses	0	0	41	44
Net interest income after provision for loan losses	1,204	890	4,399	4,215
NON-INTEREST INCOME:				
Fees and other non-interest income	31	26	125	136
Gain / (loss) on sale of securities, net	0	90	0	91
Miscellaneous income	68	111	203	168
Total non-interest income	99	227	328	395
NON-INTEREST EXPENSE:				
Salaries and employee benefits	580	597	2,211	2,361
Equipment and Occupancy expenses	63	70	243	254
Professional Services Expense	107	133	403	455
Data Processing Expense	168	148	639	605
Other operating expense	158	116	585	506
Total non-interest expense	1,076	1,064	4,080	4,181
INCOME BEFORE INCOME TAXES	227	53	647	429
Provision for income taxes	56	13	169	115
NET INCOME (LOSS)	\$ 171	\$ 40	\$ 478	\$ 314
INCOME (LOSS) PER SHARE:				
Basic	\$ 0.22	\$ 0.05	\$ 0.63	\$ 0.41
Diluted	\$ 0.22	\$ 0.05	\$ 0.63	\$ 0.41
DIVIDENDS DECLARED PER SHARE	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	761,335	761,580	761,335	764,146
Diluted	761,335	761,580	761,335	764,945