

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, 2022:

- For the three months ended June 30, 2022, the Company reported net income of approximately \$571,000, or \$0.76 per basic and diluted share as compared to net income of approximately \$171,000, or \$0.22 per basic and diluted share, for the three months ended June 30, 2021.
- For the fiscal year ended June 30, 2022, the Company recorded net income of approximately \$1,736,000, or \$2.29 per basic and diluted share, as compared to net income of approximately \$478,000, or \$0.63 per basic and diluted share, for the fiscal year ended June 30, 2021.
- For the three months ended June 30, 2022, net interest income before provision for loan losses increased approximately \$669,000, or 55.52% as compared to the same period in 2021. 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 \$598,000 or 50.69%, an increase in interest and dividends on securities of approximately \$36,000, or 22.10% and a decrease in interest on deposits of approximately \$31,000, or (22.36%). The increase in interest and fees on loans was primarily attributable to an increase in factoring activity. For the three months ended June 30, 2022, interest paid on deposits and borrowings decreased approximately \$28,000 as compared to the same period in 2021. The COVID pandemic continues to have an impact on the bank's lending and deposit activities.
- For the fiscal year ended June 30, 2022, total interest income increased approximately \$1,854,000, or 35.48% while total interest expenses decreased approximately \$315,000, or (40.08%). The increase in interest income for the fiscal year ended June 30, 2022 was primarily attributable to an increase in interest and fees on loans of approximately \$1,764,000 and an increase in interest and dividends on securities of approximately \$81,000. For the fiscal year ended June 30, 2022, interest on deposits decreased approximately \$317,000, or (40.45%). For the fiscal year ended June 30, 2022 provision for loan losses decreased approximately \$41,000, or (100.00%) as compared to the same period in 2021.
- For the fiscal year ended June 30, 2022, non-interest income increased approximately \$150,000, or 45.97% from \$328,000 for fiscal year 2021 to \$478,000 for fiscal year 2022. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$108,000, or 53.43% and an increase in customer service fees of approximately \$42,000, or 33.84%.
- For the three months ended June 30, 2022 total non-interest expenses increased approximately \$162,000, or 15.03%, as compared to the same three-month period in 2021. The increase in non-interest expense for the three-month period was primarily attributable to increases in data processing expenses of approximately \$8,000, or 4.81%, other operating expenses of approximately \$19,000, or 11.98%, professional service expenses of approximately \$33,000, or 31.09% and salaries and benefits of approximately \$99,000, or 17.14%.
- For the fiscal year ended June 30, 2022, total non-interest expenses increased approximately \$653,000, or 16.01%, as compared to fiscal year 2021. The increase in total non-interest expense for the fiscal year was primarily attributable to increases in other operating expenses of approximately \$51,000, or 8.68%, professional services expenses of approximately \$71,000, or 17.80%, data processing expenses of approximately \$88,000, or 13.78%, and salary and benefit expenses of approximately \$423,000, or 19.12%.
- The Company's total assets at June 30, 2022 were approximately \$114.0 million as compared to \$112.4 million at June 30, 2021. Total stockholders' equity was approximately \$10.6 million, or 9.30% of assets and \$12.4 million, or 11.08% of assets at June 30, 2022 and 2021, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2022 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 2022, 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)

	<u>June 30,</u> 2022 (Unaudited)	<u>June 30,</u> 2021 (Audited)
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 10,039	\$ 11,417
SECURITIES AVAILABLE FOR SALE, at fair value	45,345	44,608
FEDERAL HOME LOAN BANK (FHLB) STOCK	141	141
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$1,057 and \$827, respectively	56,894	54,127
PREMISES AND EQUIPMENT, net	778	727
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	297	276
PREPAID EXPENSES AND OTHER ASSETS	548	1,128
TOTAL ASSETS	<u>\$ 114,042</u>	<u>\$ 112,425</u>
LIABILITIES		
DEPOSITS	\$ 97,112	\$ 93,839
FHLB ADVANCES AND OTHER BORROWED MONEY	2,000	430
OTHER LIABILITIES	4,329	5,701
TOTAL LIABILITIES	<u>103,441</u>	<u>99,970</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	13,931	13,922
Shares held in trust, 49,712 and 45,243 shares at cost, Respectively	(793)	(761)
Retained earnings	9,806	8,070
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income / (loss)	<u>(3,533)</u>	<u>35</u>
TOTAL STOCKHOLDERS' EQUITY	<u>10,601</u>	<u>12,454</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 114,042</u>	<u>\$ 112,425</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,	
	2022 (Unaudited)	2021	2022 (Unaudited)	2021 (Audited)
INTEREST INCOME:				
Interest and fees on loans	\$ 1,778	\$ 1,180	\$ 6,378	\$ 4,614
Interest and dividends on securities	197	161	683	602
Other interest income	9	2	18	9
	1,984	1,343	7,079	5,225
INTEREST EXPENSE:				
Interest on deposits	108	139	467	785
Interest on borrowings	3	0	3	0
Total interest expense	111	139	470	785
Net interest income before provision for loan losses	1,873	1,204	6,609	4,440
Provision for loan losses	0	0	0	41
Net interest income after provision for loan losses	1,873	1,204	6,609	4,399
NON-INTEREST INCOME:				
Fees and other non-interest income	43	31	167	125
Gain / (loss) on sale of securities, net	0	0	0	0
Miscellaneous income	98	68	311	203
Total non-interest income	141	99	478	328
NON-INTEREST EXPENSE:				
Salaries and employee benefits	679	580	2,634	2,211
Equipment and Occupancy expenses	66	63	263	243
Professional Services Expense	140	107	474	403
Data Processing Expense	176	168	727	639
Other operating expense	177	158	636	585
Total non-interest expense	1,238	1,076	4,734	4,080
INCOME BEFORE INCOME TAXES	776	227	2,353	647
Provision for income taxes	205	56	617	169
NET INCOME (LOSS)	\$ 571	\$ 171	\$ 1,736	\$ 478
INCOME (LOSS) PER SHARE:				
Basic	\$ 0.76	\$ 0.22	\$ 2.29	\$ 0.63
Diluted	\$ 0.75	\$ 0.22	\$ 2.29	\$ 0.63
DIVIDENDS DECLARED PER SHARE	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	756,374	761,335	756,885	761,335
Diluted	762,136	761,335	759,170	761,335