

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 approximately \$619,000, or \$0.82 per basic share and \$0.81 per diluted share, for the quarter ended September 30, 2022, as compared to a net income of approximately \$243,000, or \$0.32 per basic and diluted share, for the quarter ended September 30, 2021.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins increased approximately by \$783,000 or 58.71% during the quarter as compared to the same period in 2021. For the three-months ended September 30, 2022, total interest income increased by approximately \$760,000 or 51.91% as compared to the same period in 2021. Total interest expense decreased by approximately \$23,000 or (17.47%) for the three-months ended September 30, 2022, as compared to the same period in 2021. There were no provisions for loan and lease losses during the quarters ended September 30, 2022 and 2021. For the quarter ended September 30, 2022, total non-interest income increased approximately by \$5,700 or 5.15%, while total non-interest expense increased approximately by \$280,000 or 25.14% as compared to the same three-month period in 2021. The increase in non-interest income was primarily attributable to increases in miscellaneous income of approximately \$3,300 or 4.34% and customer service fees of approximately \$2,400 or 6.93%. The increase in non-interest expense was primarily attributable to increases in salaries and benefits of approximately \$173,000 or 27.81% and professional service expenses of approximately \$75,000 or 69.48%.

President Little continued, "the Company's interest margins increased due to an increase in interest and fees on loans primarily from the activities of the Bank's Commercial Finance Division and a decrease in interest expense on deposits."

The Company's total assets at September 30, 2022 were \$111.4 million, as compared to \$115.3 million at June 30, 2022. Total stockholders' equity was approximately \$9.7 million at September 30, 2022, or 8.71% of total assets, as compared to approximately \$10.6 million at June 30, 2022, or approximately 9.20% of total assets.

The Bank has four offices located in Gadsden, Albertville, Guntersville, and Centre, Alabama and a loan production office located in Birmingham, AL. The stock of The Southern Banc Company, Inc. trades in the over-the-counter market 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, 2022 Unaudited	June 30, 2022 Audited
	<u> </u>	<u> </u>
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 8,480	\$ 10,039
SECURITIES AVAILABLE FOR SALE, at fair value	42,350	45,345
FEDERAL HOME LOAN BANK STOCK	169	141
LOANS RECEIVABLE, net of allowance for loan losses of \$1,057	57,042	56,894
PREMISES AND EQUIPMENT, net	762	778
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	269	297
PREPAID EXPENSES AND OTHER ASSETS	2,296	1,787
TOTAL ASSETS	<u>\$ 111,368</u>	<u>\$ 115,281</u>
LIABILITIES		
DEPOSITS	\$ 93,680	\$ 97,112
FHLB ADVANCES	3,000	2,000
OTHER LIABILITIES	4,988	5,568
TOTAL LIABILITIES	<u>101,668</u>	<u>104,680</u>
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$.01 per share 500,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$.01 per share, 3,500,000 authorized, 1,454,750 shares issued	15	15
Additional paid-in capital	13,933	13,931
Shares held in trust, 49,712 shares at cost	(793)	(793)
Retained earnings	10,425	9,806
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive (loss) income	(5,055)	(3,533)
TOTAL STOCKHOLDERS' EQUITY	<u>9,700</u>	<u>10,601</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 111,368</u>	<u>\$ 115,281</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,	
	2022 <u>(Unaudited)</u>	2021 <u>(Unaudited)</u>
INTEREST INCOME:		
Interest and fees on loans	\$ 2,007	\$ 1,307
Interest and dividends on securities	193	156
Other interest income	25	2
Total interest income	<u>2,225</u>	<u>1,465</u>
INTEREST EXPENSE:		
Interest on deposits	107	131
Interest on borrowings	1	-
Total interest expense	<u>108</u>	<u>131</u>
Net interest income before provision for loan losses	2,117	1,334
Provision for loan losses	-	-
Net interest income after provision for loan losses	<u>2,117</u>	<u>1,334</u>
NON-INTEREST INCOME:		
Fees and other non-interest income	37	35
Net gain on sale of securities	-	-
Miscellaneous income	79	76
Total non-interest income	<u>116</u>	<u>111</u>
NON-INTEREST EXPENSE:		
Salaries and employee benefits	793	621
Office building and equipment expenses	69	66
Professional Services Expense	182	107
Data Processing Expense	166	169
Other operating expense	186	153
Total non-interest expense	<u>1,396</u>	<u>1,116</u>
Income before income tax expense	837	329
INCOME TAX EXPENSE	218	86
Net Income	<u>\$ 619</u>	<u>\$ 243</u>
INCOME PER SHARE:		
Basic	\$ 0.82	\$ 0.32
Diluted	0.81	0.32
DIVIDENDS DECLARED PER SHARE	\$ -	\$ -
AVERAGE SHARES OUTSTANDING:		
Basic	756,374	757,563
Diluted	763,542	758,337