

For Immediate Release

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**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES
SECOND 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 net income of approximately \$612,000, or \$0.81 per basic share and \$0.80 per diluted share, for the quarter ended December 31, 2022, as compared to net income of approximately \$451,000, or \$0.60 per basic and diluted share, for the quarter ended December 31, 2021. For the six months ended December 31, 2022, the Company recorded net income of approximately \$1,231,000, or \$1.63 per basic share and \$1.61 per diluted share, as compared to net income of approximately \$694,000, or \$0.92 per basic and diluted share, for the six months ended December 31, 2021.

Gates Little, President and Chief Executive Officer of the Company, stated that the Company's net interest margins increased approximately \$343,000 during the quarter, as compared to the same period in 2021. Net interest income before provision for loan losses for the quarter ended December 31, 2022 was approximately \$2.0 million, as compared to approximately \$1.7 million for the quarter ended December 31, 2021, an increase of approximately \$343,000, or 20.6%. The increase in the net interest margin before provision for loan losses for the quarter was primarily attributable to an increase in total interest income of approximately \$399,000, offset by an increase in total interest expense of approximately \$56,000. For the three months ended December 31, 2022 and 2021, no additional provision for loan and lease losses was required. For the quarter ended December 31, 2022, total non-interest income increased approximately \$15,000, or 13.0%, while total non-interest expense increased approximately \$140,000, or 11.9%, as compared to the same three-month period in 2021. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$16,000, or 23.1%. The increase in non-interest expense was primarily attributable to increases in salaries and benefits of approximately \$165,000, office building expenses of approximately \$3,000, and other operating expenses of approximately \$5,000, offset in part by decreases in professional service expense of approximately \$8,000, and data processing expenses of approximately \$25,000.

The Company's total assets at December 31, 2022 were \$109.9 million, as compared to \$115.3 million at June 30, 2022. Total stockholders' equity was approximately \$10.6 million at December 31, 2022, or 9.6% of total assets, as compared to approximately \$10.6 million at June 30, 2022, or 9.2% 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. 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 attached)

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

	December 31, 2022 Unaudited	June 30, 2022 Audited
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ASSETS		
CASH AND CASH EQUIVALENTS	\$ 5,711	\$ 10,039
SECURITIES AVAILABLE FOR SALE, at fair value	41,903	45,345
FEDERAL HOME LOAN BANK STOCK	311	141
LOANS RECEIVABLE, net of allowance for loan losses of \$1,055 and \$1,057, respectively	58,191	56,894
PREMISES AND EQUIPMENT, net	747	778
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	841	297
PREPAID EXPENSES AND OTHER ASSETS	2,232	1,787
TOTAL ASSETS	<u>\$ 109,936</u>	<u>\$ 115,281</u>
LIABILITIES		
DEPOSITS	\$ 87,654	\$ 97,112
FHLB ADVANCES	6,000	2,000
OTHER LIABILITIES	5,722	5,568
TOTAL LIABILITIES	<u>99,376</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, 806,086 shares outstanding	15	15
Additional paid-in capital	13,936	13,931
Shares held in trust, 49,829 and 49,712 shares at cost, respectively	(794)	(793)
Retained earnings	11,037	9,806
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive (loss)	(4,809)	(3,533)
TOTAL STOCKHOLDERS' EQUITY	<u>10,560</u>	<u>10,601</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 109,936</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 December 31,		Year-to-Date December 31,	
	2022 (Unaudited)	2021	2022 (Unaudited)	2021
INTEREST INCOME:				
Interest and fees on loans	\$ 1,960	\$ 1,627	\$ 3,967	\$ 2,934
Interest and dividends on securities	195	155	388	310
Other interest income	29	3	54	5
Total interest income	2,184	1,785	4,409	3,249
INTEREST EXPENSE:				
Interest on deposits	132	120	239	250
Interest on borrowings	44	0	45	0
Total interest expense	176	120	284	250
Net interest income before provision for loan losses	2,008	1,665	4,125	2,999
Provision for loan losses	0	0	0	0
Net interest income after provision for loan losses	2,008	1,665	4,125	2,999
NON-INTEREST INCOME:				
Fees and other non-interest income	43	44	80	79
Miscellaneous income	85	69	164	145
Total non-interest income	128	113	244	224
NON-INTEREST EXPENSE:				
Salaries and employee benefits	808	643	1,602	1,264
Office building and equipment expenses	67	64	136	130
Professional Services Expense	114	122	295	229
Data Processing Expense	166	191	332	360
Other operating expense	153	148	339	301
Total non-interest expense	1,308	1,168	2,704	2,284
Income before income taxes	828	610	1,665	939
PROVISION FOR INCOME TAXES	216	159	434	245
Net Income	\$ 612	\$ 451	\$ 1,231	\$ 694
EARNINGS PER SHARE:				
Basic	\$ 0.81	\$ 0.60	\$ 1.63	\$ 0.92
Diluted	\$ 0.80	\$ 0.60	\$ 1.61	\$ 0.92
DIVIDENDS DECLARED PER SHARE				
	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	756,374	757,214	756,374	757,389
Diluted	764,094	757,214	763,818	757,793