



Southern Financial Corporation

FOR IMMEDIATE RELEASE

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Southern Financial Corporation Investor Update for 1st Quarter 2025

I hope this update finds you and yours enjoying spring.

I would like to start this update by welcoming M. J. Huggins, III to The Southern Bank and congratulating Scott Frierson upon being named Chief Banking Officer of The Southern Bank. J, Scott and I have worked together for decades at various other banks prior to The Southern Bank with each of us now having been in roles reporting to each other during our time together at those prior banks. We are excited to once again be partners together at The Southern Bank. As we move forward together, I will be moving to Executive Vice Chairman of The Southern Bank and will remain the President and Chief Executive Officer of Southern Financial Corporation. Scott will remain as President of The Southern Bank and has also been named the Chief Banking Officer of The Southern Bank, and J joins the team as the Chief Executive Officer of The Southern Bank.

Scott will continue his focus upon the retail branches and continue to develop our existing markets. J's primary initial focus will be upon expanding The Southern Bank into the coastal marketplaces of South Carolina. We have primarily targeted the Myrtle Beach and Charleston markets for the initial coastal expansion.

Along with J, we added Ryan Benton in Charleston to our team in March. Ryan joins as an Executive Vice President, and he will be teaming up with J to develop the South Carolina coastal markets for The Southern Bank. Ryan was most recently the Charleston Market President for United Bank. He previously worked with Scott, J and I during our time together at CresCom Bank. We are excited to have Ryan back on our community banking team.

In April, we welcomed Diane Platt in Myrtle Beach to our team. Diane joins us as a Vice President and will be the Branch Manager of our future Myrtle Beach branch. Diane was most recently the Branch Manager for United Bank's Myrtle Beach main office, and Scott, J and I are proud to have Diane on our community banking team once again.

The future Myrtle Beach branch will be located at 1312 Professional Drive, Myrtle Beach, SC 29577. This site will require some minor renovations that are already in process, and we are already in the process of filing the branch applications and expect to receive the necessary regulatory approvals in the coming months with the goal of opening our full-service Myrtle Beach branch during the second half of 2025.

In addition to adding the above team members to the team late in the 1st quarter of 2025, The Southern Bank has continued to execute upon the growth plans in our existing markets.

Some of the financial highlights include:

- Total assets finished March 31, 2025 at \$337.3 million which is up \$31.7 million from March 31, 2024 (10% annual growth).
- Loans receivable, net increased \$8.0 million during the 1st quarter of 2025 to \$203.5 million and have grown \$22.9 million since March 31, 2024 (13% annual growth).
- Total deposits ended the 1st quarter of 2025 at \$284.6 million and have increased \$14.9 million since March 31, 2024 (6% annual growth).

- Pre-Tax Pre-Provision Income for the quarter ended March 31, 2025 was \$322,000 compared to \$336,000 during the quarter ended December 31, 2024 and \$(21,000) during the quarter ended March 31, 2024.
- Net Income for the quarter ended March 31, 2025 was \$124,000 or \$0.03 per share compared to \$145,000 or \$0.04 per share during the quarter ended December 31, 2024 and \$16,000 or \$0.01 per share during the quarter ended March 31, 2024.

Please continue to think of us for all your banking needs as well as those of your family, friends and peers. If you have a financing or deposit need, please reach out and encourage others to as well. Thank you to all of you that have already given us the opportunity to assist you with your banking needs. We look forward to serving you in 2025.

Thank you for entrusting The Southern Bank team with your investment. We remain committed to maximizing the value of your investment on a daily basis.

Respectfully,



Jamin Hujik

ABOUT SOUTHERN FINANCIAL CORPRATION

Southern Financial Corporation, Spartanburg, South Carolina is a registered bank holding company incorporated under the laws of South Carolina. The company's wholly owned subsidiary, Southern Bank, has been providing financial services since 1945 and now operates in 7 locations in the Spartanburg, Greenville, and Aiken markets of South Carolina as well as the Sardis, Waynesboro, Hephzibah, and Gibson markets of Georgia. Southern Financial Corporation has consolidated assets of approximately \$337 million and its common stock is traded on The OTC Market under the symbol "SFCO."

Southern Financial Corporation

Consolidated Statement of Financial Condition (unaudited) (Dollars in Thousands except per share data.)

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024	March 31, 2024
Assets					
Cash and due from banks	\$ 3,100	\$ 3,689	\$ 2,557	\$ 2,644	\$ 2,683
Federal funds sold	6,000	14,050	3,850	5,125	8,425
Interest bearing deposits with other banks	1,965	2,308	2,408	2,248	2,317
Total cash and cash equivalents	<u>11,065</u>	<u>20,047</u>	<u>8,815</u>	<u>10,016</u>	<u>13,425</u>
Securities available-for-sale	95,413	94,448	97,127	87,003	86,519
Securities held-to-maturity	-	-	-	-	-
Equity securities at cost	1,431	1,401	1,164	1,164	1,021
Loans receivable	205,630	197,599	201,525	197,019	182,767
Less allowance for credit losses	<u>(2,141)</u>	<u>(2,065)</u>	<u>(2,349)</u>	<u>(2,203)</u>	<u>(2,200)</u>
Loans, net	<u>203,489</u>	<u>195,534</u>	<u>199,176</u>	<u>194,816</u>	<u>180,567</u>
Accrued interest receivable	1,602	1,389	1,544	1,421	1,240
Premises and equipment	15,513	15,666	15,812	15,867	15,718
Bank owned life insurance	4,506	4,470	4,434	4,398	4,363
Deferred tax asset, net of deferred tax liabilities	1,336	1,424	1,293	1,420	1,533
Other assets	2,941	3,332	2,141	2,141	1,255
Total assets	<u>\$ 337,296</u>	<u>\$ 337,711</u>	<u>\$ 331,505</u>	<u>\$ 318,246</u>	<u>\$ 305,641</u>
Liabilities					
Deposits:					
Noninterest-bearing	\$ 32,403	\$ 39,437	\$ 33,023	\$ 29,425	\$ 29,257
Interest-bearing	252,214	246,453	250,268	243,437	240,422
Total deposits	<u>284,617</u>	<u>285,890</u>	<u>283,291</u>	<u>272,862</u>	<u>269,679</u>
Borrowings	24,956	24,949	19,942	19,934	14,927
Accrued expenses and other liabilities	2,284	1,789	2,936	1,556	1,654
Borrower's escrow payable	99	121	142	116	91
Total liabilities	<u>311,956</u>	<u>312,749</u>	<u>306,311</u>	<u>294,469</u>	<u>286,350</u>
Shareholders' Equity					
Preferred stock - \$0.01 par value, authorized 1,000,000 shares, 4,000 shares issued and outstanding	0	0	0	0	0
Common stock - \$0.01 par value, authorized 10,000,000 shares, 3,383,904 shares issued and outstanding	34	34	34	34	28
Additional paid-in capital	19,844	19,798	19,771	18,798	14,671
Retained earnings	8,532	8,408	8,263	8,202	8,191
Accumulated other comprehensive income (loss)	<u>(3,070)</u>	<u>(3,278)</u>	<u>(2,874)</u>	<u>(3,258)</u>	<u>(3,599)</u>
Total shareholders' equity	<u>25,340</u>	<u>24,962</u>	<u>25,194</u>	<u>23,777</u>	<u>19,291</u>
Total liabilities and shareholders' equity	<u>\$ 337,296</u>	<u>\$ 337,710</u>	<u>\$ 331,505</u>	<u>\$ 318,246</u>	<u>\$ 305,641</u>
Book value per share	\$ 6.70	\$ 6.60	\$ 6.66	\$ 6.53	\$ 6.37
Adjusted book value per share	\$ 7.51	\$ 7.47	\$ 7.42	\$ 7.43	\$ 7.55

Southern Financial Corporation
Consolidated Statement of Income (Loss) (unaudited) (Dollars in Thousands except per share data.)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	Three Months Ended March 31, 2025	Three Months Ended December 31, 2024	Three Months Ended March 31, 2024
Interest income					
Loans, including fees	\$ 3,491	\$ 2,943	\$ 3,491	\$ 3,522	\$ 2,943
Securities available-for-sale	1,183	1,099	1,183	1,241	1,099
Federal funds sold	90	153	90	113	153
Interest bearing deposits with other banks	29	35	29	34	35
Dividends	17	19	18	23	19
Total interest income	<u>4,810</u>	<u>4,249</u>	<u>4,810</u>	<u>4,933</u>	<u>4,249</u>
Interest expense					
Deposits	2,084	2,173	2,084	2,263	2,173
Borrowings	267	183	267	242	183
Total interest expense	<u>2,351</u>	<u>2,356</u>	<u>2,351</u>	<u>2,505</u>	<u>2,356</u>
Net interest income					
	2,459	1,893	2,459	2,428	1,893
Provision for loan losses	155	5	155	150	5
Net interest income after provision for loan losses	<u>2,304</u>	<u>1,888</u>	<u>2,304</u>	<u>2,278</u>	<u>1,888</u>
Noninterest income					
Customer service fees	85	72	85	80	72
Mortgage banking income	75	46	75	21	46
BOLI income	37	35	37	36	35
Net loss on investment securities transactions	(1)	-	(1)	18	-
Other	35	4	35	49	4
Total noninterest income	<u>231</u>	<u>157</u>	<u>231</u>	<u>203</u>	<u>157</u>
Noninterest expenses					
Salaries and employee benefits	1,436	1,239	1,436	1,346	1,239
Occupancy expenses	364	309	364	308	309
Data processing	126	112	126	129	112
Gain on sale of foreclosed real estate	-	-	-	-	-
Deposit insurance premiums	54	57	54	50	57
Other	388	354	388	461	354
Total noninterest expenses	<u>2,368</u>	<u>2,071</u>	<u>2,369</u>	<u>2,294</u>	<u>2,071</u>
Income (loss) before income taxes	167	(26)	167	186	(26)
Income tax expense (benefit)					
	43	(42)	43	41	(42)
Net income (loss)	<u>\$ 124</u>	<u>\$ 16</u>	<u>\$ 124</u>	<u>\$ 145</u>	<u>\$ 16</u>
Basic earnings (loss) per share of common stock					
	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.01</u>
Diluted earnings (loss) per share of common stock					
	<u>\$ 0.03</u>	<u>\$ 0.01</u>	<u>\$ 0.03</u>	<u>\$ 0.04</u>	<u>\$ 0.01</u>
Weighted average common shares outstanding					
	<u>3,781,030</u>	<u>3,027,930</u>	<u>3,781,030</u>	<u>3,780,311</u>	<u>3,027,930</u>
Weighted average diluted common shares outstanding					
	<u>3,781,030</u>	<u>3,045,591</u>	<u>3,781,030</u>	<u>3,780,311</u>	<u>3,045,591</u>