

**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, 2018:

- For the three months ended June 30, 2018, the Company reported net income of approximately \$61,000, or \$0.08 per basic and diluted share as compared to a net loss of approximately \$447,000, or \$(0.58) per basic and diluted share, for the three months ended June 30, 2017.
- For the fiscal year ended June 30, 2018, the Company recorded a net loss of approximately \$565,000, or \$(0.74) per basic and diluted share, as compared to a net loss of approximately \$792,000, or \$(1.03) per basic and diluted share, for the fiscal year ended June 30, 2017. The net loss for fiscal year 2018 included a one-time charge of \$655,221 resulting from the enactment of 2018 Tax Reform Bill.
- For the three months ended June 30, 2018, net interest income before provision for loan losses increased approximately \$347,000, or 36.4% as compared to the same period in 2017. 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 \$415,000, offset by a decrease in interest and dividends on securities of approximately \$54,000. For the three months ended June 30, 2018, interest paid on deposits and borrowings increased approximately \$27,000 as compared to the same period in 2017.
- For the fiscal year ended June 30, 2018, net interest income before provision for loan losses increased approximately \$1.1 million, or 31.5% as compared to fiscal year 2017. The increase in net interest income for the fiscal year was primarily attributable to an increase in interest and fees on loans of approximately \$1.3 million, or 37.6%, offset by a decrease in interest and dividends on securities of approximately \$169,000, or (23.2%). Total interest expense increased approximately \$65,000, or 8.7%. For the fiscal year ended June 30, 2018 provision for loan losses decreased approximately \$435,000 from \$1,208,000 for fiscal year 2017 to \$773,000 for fiscal year 2018.
- For the fiscal year ended June 30, 2018, non-interest income increased approximately \$30,000, or 22.4% from \$136,000 for fiscal year 2017 to \$166,000 for fiscal year 2018. The increase in non-interest income was primarily attributable to increases in customer service fees of approximately \$24,000 and miscellaneous income of approximately \$22,000 offset by a decrease in net gain on sale of securities of approximately \$16,000.
- For the three months ended June 30, 2018 total non-interest expenses increased approximately \$117,000, or 13.2%, as compared to the same three-month period in 2017. The increase in non-interest expense for the three-month period was primarily attributable to increases in salaries and benefits of approximately \$62,000 or 13.0% due to an increase in personnel, an increase in professional service expense of approximately \$36,000 or 35.8% and an increase in other operating expenses of approximately \$22,000 or 15.9% offset in part by a decrease in occupancy expenses of approximately \$6,000, or (10.8%).
- For the fiscal year ended June 30, 2018, total non-interest expenses increased approximately \$128,000, or 3.5%, as compared to fiscal year 2017. The increase in non-interest expense for the fiscal year was primarily attributable to increases in professional services expense of approximately \$47,000, or 13.0%, and salary and benefit expenses of approximately \$53,000, or 2.6%, offset in part by a decrease in occupancy expenses of approximately \$20,000 or (8.2%).

The Company's total assets at June 30, 2018 and June 30, 2017 were approximately \$95.9 million and \$96.5 million, respectively. Total stockholders' equity was approximately \$10.9 million, or 11.4% of assets and \$11.8 million, or 12.3% of assets at June 30, 2018 and 2017, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2018 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 2018, 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, 2018 (Unaudited)	June 30, 2017
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 4,215	\$ 2,910
SECURITIES AVAILABLE FOR SALE, at fair value	19,599	28,775
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$0 and \$0, respectively	0	
FEDERAL HOME LOAN BANK (FHLB) STOCK	429	340
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$1,093 and \$1,238, respectively	69,002	61,309
PREMISES AND EQUIPMENT, net	715	754
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	216	216
PREPAID EXPENSES AND OTHER ASSETS	1,689	2,238
<b>TOTAL ASSETS</b>	<b>\$ 95,865</b>	<b>\$ 96,542</b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 77,015	\$ 79,383
FHLB ADVANCES	6,000	5,000
OTHER LIABILITIES	1,940	312
<b>TOTAL LIABILITIES</b>	<b>84,955</b>	<b>84,695</b>
<b>STOCKHOLDERS' EQUITY:</b>		
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	13,887	13,887
Shares held in trust, 39,260 shares at cost	(706)	(706)
Retained earnings	6,812	7,373
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	(273)	103
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>10,910</b>	<b>11,847</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 95,865</b>	<b>\$ 96,542</b>

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,	
	2018 (Unaudited)	2017	2018 (Unaudited)	2017
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 1,369	\$ 954	\$ 4,771	\$ 3,467
Interest and dividends on securities	119	173	559	728
Other interest income	19	6	48	22
<b>Total interest income</b>	<b>1,507</b>	<b>1,133</b>	<b>5,378</b>	<b>4,217</b>
<b>INTEREST EXPENSE:</b>				
Interest on deposits	170	167	670	703
Interest on borrowings	34	10	134	36
<b>Total interest expense</b>	<b>204</b>	<b>177</b>	<b>804</b>	<b>739</b>
Net interest income before provision for loan losses	1,303	956	4,574	3,478
Provision for loan losses	192	812	773	1,208
<b>Net interest income after provision for loan losses</b>	<b>1,111</b>	<b>144</b>	<b>3,801</b>	<b>2,270</b>
<b>NON-INTEREST INCOME:</b>				
Fees and other non-interest income	29	19	105	81
Gain on sale of securities, net	0	0	7	23
Miscellaneous income	8	8	54	32
<b>Total non-interest income</b>	<b>37</b>	<b>27</b>	<b>166</b>	<b>136</b>
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	543	481	2,083	2,030
Equipment and Occupancy expenses	51	58	224	244
Professional Services Expense	138	102	413	366
Data Processing Expense	125	121	479	479
Other operating expense	156	134	614	566
<b>Total non-interest expense</b>	<b>1,013</b>	<b>896</b>	<b>3,813</b>	<b>3,685</b>
Income / (loss) before income taxes	135	(725)	154	(1,279)
<b>PROVISION / (BENEFIT) FOR INCOME TAXES</b>	<b>74</b>	<b>(278)</b>	<b>719</b>	<b>(487)</b>
<b>Net Income (Loss)</b>	<b>\$ 61</b>	<b>\$ (447)</b>	<b>\$ (565)</b>	<b>\$ (792)</b>
<b>INCOME (LOSS) PER SHARE:</b>				
Basic	\$ 0.08	\$ (0.58)	\$ (0.74)	\$ (1.03)
Diluted	\$ 0.08	\$ (0.58)	\$ (0.74)	\$ (1.03)
<b>DIVIDENDS DECLARED PER SHARE</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>AVERAGE SHARES OUTSTANDING:</b>				
Basic	766,826	769,817	766,826	769,817
Diluted	766,826	769,817	766,826	769,817