

**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 a net income of approximately \$133,000, or \$0.17 per basic and diluted share, for the quarter ended December 31, 2018, as compared to a net loss of approximately \$560,000, or (\$0.73) per basic and diluted share, for the quarter ended December 31, 2017. During the quarter ended December 31, 2017, the Company recorded an income tax expense of approximately \$605,000 due to the tax law changes. For the six months ended December 31, 2018, the Company recorded net income of approximately \$259,000, or \$0.34 per basic and diluted share, as compared to a net loss of approximately \$737,000, of (\$0.96) per basic and diluted share for the six months ended December 31, 2017.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins improved during the quarter as compared to the same period in 2017. Net interest income before provision for loan losses for the quarter ended December 31, 2018 was approximately \$1.2 million as compared to approximately \$1.1 million for the quarter ended December 31, 2017, an increase of approximately \$109,000 or 10.2%. The improvement 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 \$127,000, offset by an increase in total interest expense of approximately \$18,000. For the three months ended December 31, 2018 the Company recorded no provision for loan and lease losses as compared to approximately \$11,000 in the same period in 2017. Net interest income after provision for loan and lease losses increased approximately \$120,000, or 11.33% for the quarter ended December 31, 2018, as compared to the same quarter in 2017. For the quarter ended December 31, 2018, total non-interest income decreased approximately \$2,000 or (3.9%) while total non-interest expense increased approximately \$91,000 or 9.6% as compared to the same three month period in 2017. The decrease in non-interest income was primarily attributable to a decrease in miscellaneous income of approximately (\$4,000) or (27.8%) offset in part by an increase in customer service fees of approximately \$2,000 or 10.5%. The increase in non-interest expense was primarily attributable to an increase in salaries and benefits of approximately \$63,000, professional service expenses of approximately \$54,000, data processing expenses of approximately \$9,000 and occupancy expense of approximately \$1,000 offset in part by a decrease in other operating expense of approximately \$36,000.

The Company's total assets at December 31, 2018 were \$101.3 million, as compared to \$94.1 million at June 30, 2018. Total stockholders' equity was approximately \$11.3 million at December 31, 2018 or 11.2% of total assets as compared to approximately \$10.9 million at June 30, 2018 or approximately 11.6% of total assets.

The Bank has four branch offices located in Gadsden, Albertville, Guntersville, and Centre, Alabama, and one commercial finance office located in Birmingham, Alabama. The stock of The Southern Banc Company, Inc. trades in the over-the-counter market on the OTC Pink Marketplace<sup>®</sup> 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, 2018	June 30, 2018
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 17,394	\$ 4,208
SECURITIES AVAILABLE FOR SALE, at fair value	18,215	19,599
FEDERAL HOME LOAN BANK STOCK	301	429
LOANS RECEIVABLE, net of allowance for loan losses of \$1,032 and \$1,093, respectively	62,867	67,218
PREMISES AND EQUIPMENT, net	734	715
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	196	207
PREPAID EXPENSES AND OTHER ASSETS	1,570	1,705
<b>TOTAL ASSETS</b>	<b>\$ 101,277</b>	<b>\$ 94,081</b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 82,936	\$ 77,014
FHLB ADVANCES	5,000	6,000
OTHER LIABILITIES	2,033	157
<b>TOTAL LIABILITIES</b>	<b>89,969</b>	<b>83,171</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	15	15
Additional paid-in capital	13,887	13,887
Shares held in trust, 39,260 shares at cost, respectively	(706)	(706)
Retained earnings	7,072	6,813
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive loss	(135)	(274)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>11,308</b>	<b>10,910</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 101,277</b>	<b>\$ 94,081</b>

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,	
	2018 (Unaudited)	2017	2018 (Unaudited)	2017
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 1,247	\$ 1,120	\$ 2,491	\$ 2,284
Interest and dividends on securities	109	144	223	305
Other interest income	47	12	70	18
Total interest income	1,403	1,276	2,784	2,607
<b>INTEREST EXPENSE:</b>				
Interest on deposits	202	168	384	335
Interest on borrowings	19	35	43	62
Total interest expense	221	203	427	397
Net interest income before provision for loan losses	1,182	1,073	2,357	2,210
Provision for loan losses	0	11	0	581
Net interest income after provision for loan losses	1,182	1,062	2,357	1,629
<b>NON-INTEREST INCOME:</b>				
Fees and other non-interest income	28	26	58	49
Miscellaneous income	11	15	20	32
Total non-interest income	39	41	78	81
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	561	498	1,151	1,016
Office building and equipment expenses	58	57	113	115
Professional Services Expense	147	93	263	171
Data Processing Expense	130	121	261	233
Other operating expense	145	181	297	307
Total non-interest expense	1,041	950	2,085	1,842
Income (loss) before income taxes	180	153	350	(132)
<b>PROVISION FOR INCOME TAXES</b>	47	713	91	606
Net Income (Loss)	\$ 133	\$ (560)	\$ 259	\$ (737)
<b>LOSS PER SHARE:</b>				
Basic	\$ 0.17	\$ (0.73)	\$ 0.34	\$ (0.96)
Diluted	\$ 0.17	\$ (0.73)	\$ 0.34	\$ (0.96)
<b>DIVIDENDS DECLARED PER SHARE</b>				
	\$ ---	\$ ---	\$ ---	\$ ---
<b>AVERAGE SHARES OUTSTANDING:</b>				
Basic	766,826	766,826	766,826	766,826
Diluted	766,826	766,826	766,826	766,826