

**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, 2019:

- For the three months ended June 30, 2019, the Company reported net income of approximately \$95,000, or \$0.12 per basic and diluted share as compared to net income of approximately \$61,000, or \$0.08 per basic and diluted share, for the three months ended June 30, 2018.
- For the fiscal year ended June 30, 2019, the Company recorded net income of approximately \$464,000, or \$0.61 per basic and diluted share, as compared to a net loss of approximately \$565,000, or \$(0.74) per basic and diluted share, for the fiscal year ended June 30, 2018. 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, 2019, net interest income before provision for loan losses decreased approximately \$220,000, or (16.9%) as compared to the same period in 2018. The decrease in net interest income for the three-month period was primarily attributable to a decrease in interest and fees on loans in the amount of approximately \$222,000, a decrease in interest and dividends on securities of approximately \$7,000 offset in part by an increase in other interest income of approximately \$59,000 or 302.0%. The decrease in interest and fees on loans was primarily attributable to a decrease in factoring activity from some large clients, and a decrease in loans and leases outstanding. The increase in other interest income was primarily attributable to interest income earned due to an increase in overnight funds of approximately \$14.0 million. For the three months ended June 30, 2019, interest paid on deposits and borrowings increased approximately \$50,000 as compared to the same period in 2018.
- For the fiscal year ended June 30, 2019, interest income increased approximately \$104,000, or 1.9% while interest expenses increased approximately \$111,000, or 13.8%. The increase in interest income for the fiscal year ended June 30, 2019 was primarily attributable to an increase in interest income on overnight funds of approximately \$156,000, or 324.0%. For the fiscal year ended June 30, 2019, total interest expense increased approximately \$111,000, or 13.8% while provision for loan losses decreased approximately \$753,000, or (97.44%) from \$773,000 for fiscal year 2018 to \$19,000 for fiscal year 2019.
- For the fiscal year ended June 30, 2019, non-interest income increased approximately \$13,000, or 8.2% from \$157,000 for fiscal year 2018 to \$170,000 for fiscal year 2019. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$18,000, primarily from sale of assets from terminated leases, offset in part by a decrease in customer service fees of approximately \$7,000.
- For the three months ended June 30, 2019 total non-interest expenses decreased approximately \$20,000, or (2.0%), as compared to the same three-month period in 2018. The decrease in non-interest expense for the three-month period was primarily attributable to a decrease in professional service expenses of approximately \$58,000, or (42.1%) offset in part by an increase in salaries and benefits of approximately \$44,000, or 7.8%.
- For the fiscal year ended June 30, 2019, total non-interest expenses increased approximately \$281,000, or 7.4%, as compared to fiscal year 2018. The increase in non-interest expense for the fiscal year was primarily attributable to increases in professional services expense of approximately \$38,000, or 9.0%, salary and benefit expenses of approximately \$240,000, or 11.3%, and data processing service expenses of approximately \$25,000, or 5.0% offset in part by a decrease in other operating expenses of approximately \$31,000 or (5.4%).

The Company's total assets at June 30, 2019 and June 30, 2018 were approximately \$97.7 million and \$94.1 million, respectively. Total stockholders' equity was approximately \$11.8 million, or 12.0% of assets and \$10.9 million, or 11.6% of assets at June 30, 2019 and 2018, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2019 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 2019, 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, 2019 <u>(Unaudited)</u>	June 30, 2018 <u></u>
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 17,697	\$ 4,208
SECURITIES AVAILABLE FOR SALE, at fair value	18,567	19,599
FEDERAL HOME LOAN BANK (FHLB) STOCK	177	429
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$974 and \$1,093, respectively	58,874	67,218
PREMISES AND EQUIPMENT, net	783	715
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	201	207
PREPAID EXPENSES AND OTHER ASSETS	1,366	1,705
<b>TOTAL ASSETS</b>	<b>\$ <u>97,665</u></b>	<b>\$ <u>94,081</u></b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 82,341	\$ 77,015
FHLB ADVANCES	2,000	6,000
OTHER LIABILITIES	1,564	156
<b>TOTAL LIABILITIES</b>	<b>85,905</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, 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	7,277	6,812
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income / (loss)	112	(273)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>11,760</u></b>	<b><u>10,910</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>97,665</u></b>	<b>\$ <u>94,081</u></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,	
	2019 (Unaudited)	2018	2019 (Unaudited)	2018
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 1,147	\$ 1,369	\$ 4,831	\$ 4,771
Interest and dividends on securities	112	119	447	559
Other interest income	78	19	204	48
<b>Total interest income</b>	<b>1,337</b>	<b>1,507</b>	<b>5,482</b>	<b>5,378</b>
<b>INTEREST EXPENSE:</b>				
Interest on deposits	247	172	853	673
Interest on borrowings	8	33	65	134
<b>Total interest expense</b>	<b>255</b>	<b>205</b>	<b>918</b>	<b>807</b>
Net interest income before provision for loan losses	1,082	1,302	4,564	4,571
Provision for loan losses	12	192	19	773
<b>Net interest income after provision for loan losses</b>	<b>1,070</b>	<b>1,110</b>	<b>4,545</b>	<b>3,798</b>
<b>NON-INTEREST INCOME:</b>				
Fees and other non-interest income	30	32	120	127
Gain / (loss) on sale of securities, net	0	0	0	(2)
Miscellaneous income	26	5	50	32
<b>Total non-interest income</b>	<b>56</b>	<b>37</b>	<b>170</b>	<b>157</b>
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	593	549	2,359	2,119
Equipment and Occupancy expenses	59	51	233	224
Professional Services Expense	80	138	451	413
Data Processing Expense	123	125	504	479
Other operating expense	137	149	535	566
<b>Total non-interest expense</b>	<b>992</b>	<b>1,012</b>	<b>4,082</b>	<b>3,801</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>134</b>	<b>135</b>	<b>633</b>	<b>154</b>
Provision for income taxes	39	74	169	719
<b>NET INCOME (LOSS)</b>	<b>\$ 95</b>	<b>\$ 61</b>	<b>\$ 464</b>	<b>\$ (565)</b>
<b>INCOME (LOSS) PER SHARE:</b>				
Basic	\$ 0.12	\$ 0.08	\$ 0.61	\$ (0.72)
Diluted	\$ 0.12	\$ 0.08	\$ 0.61	\$ (0.72)
<b>DIVIDENDS DECLARED PER SHARE</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>
<b>AVERAGE SHARES OUTSTANDING:</b>				
Basic	766,826	766,826	766,826	766,826
Diluted	766,826	766,826	766,826	766,826