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MID-SOUTHERN BANCORP, INC.
REPORTS RESULTS OF OPERATIONS FOR THE SECOND QUARTER OF 2018

Salem, Indiana—July 31, 2018. Mid-Southern Bancorp, Inc. (the "Company") (Nasdaq: MSVB), the holding company for Mid-Southern Savings Bank, FSB (the "Bank"), announced the operating results of the Bank for the second quarter ended June 30, 2018. On July 11, 2018, the Company completed the "second-step" conversion of Mid-Southern, M.H.C. and the Company's related stock offering with the issuance of 2,559,871 shares of common stock at a price of $10.00 per share for net proceeds of approximately $24.6 million. The shares began trading on the Nasdaq Capital Market on Thursday, July 12, 2018, under the ticker symbol "MSVB." Accordingly, the reported results and financial information for the second quarter of 2018 and prior periods relate solely to the Bank.

Alexander Babey, President and Chief Executive Officer of the Company stated, "We are very pleased to report our second quarter earnings, our first earnings results as a public company following our conversion and listing on the Nasdaq Capital Market. We are also extremely pleased with our successful, oversubscribed stock offering completed in July. The more than $10.3 million of additional capital raised in the offering will allow us to enhance our banking franchise for the benefit of both our shareholders and the communities we serve."

The Bank reported net income of $296,000 or $0.20 per diluted share for the quarter ended June 30, 2018, compared to $268,000 or $0.18 per diluted share for the same period in 2017. The increase in net income is primarily due to increases in net interest income after provision for loan losses and decreased tax expense. For the six months ended June 30, 2018, the Bank reported net income of $617,000 or $0.42 per diluted share compared to net income of $735,000 or $0.50 per diluted share for the same period in 2017.

Income Statement Review

Net interest income after provision for loan losses increased $136,000 for the quarter ended June 30, 2018 to $3.1 million as compared to $2.9 million for the quarter ended June 30, 2017. Total interest income increased $151,000, or 9.4%, when comparing the two periods due to increases in both the average balance of and yields earned on interest-earning assets. The average balance of interest-earning assets increased to $177.8 million for the quarter ended June 30, 2018 from $168.4 million for the quarter ended June 30, 2017. The average tax-equivalent yield on interest-earning assets increased to 4.02% for the quarter ended June 30, 2018 from 3.89% for the quarter ended June 30, 2017, primarily due to higher market interest rates. Total interest expense increased $15,000 when comparing the two periods as the average cost of interest-bearing liabilities increased to 0.55% for the quarter ended June 30, 2018 from 0.49% for the quarter ended June 30, 2017. This increase was partially offset by a decrease in the average balance of interest-bearing liabilities to $131.9 million from $137.4 million, between the periods. As a result of the changes in interest-earning assets and interest-bearing liabilities, the interest rate spread increased to 3.47% from 3.40% and the net interest margin expanded to 3.61% from 3.49% for the quarters ended June 30, 2018 and 2017, respectively.

Net interest income after provision for loan losses decreased $139,000 for the six months ended June 30, 2018 compared to the same period in 2017. Total interest income increased $188,000, or 5.8%, when comparing the two periods, due to an increases in both the average balance of and yield earned on interest-earning assets. The average balance of interest-earning assets increased to $175.3 million for the six months ended June 30, 2018 from $170.6 million for the same period in 2017. The average tax-equivalent yield on interest-earning assets increased to 3.96% for the six months ended June 30, 2018 from 3.85% for the same period a year ago primarily due higher market interest rates Total interest expense increased $27,000 as the average cost of interest-bearing liabilities increased to 0.53% in 2018 from 0.48% in 2017, partially offset by a decrease in the average balance of interest-bearing liabilities to $134.3 million for the six months ended June 30, 2018 from $137.4 million for the six months ended June 30, 2017. As a result of the changes in interest-earning assets and interest-bearing liabilities, the interest rate spread increased to 3.43% for the six months ended June 30, 2018 from 3.37% for the six months ended June 30, 2017. Net interest margin increased to 3.56% for the six months ended June 30, 2018 from 3.47% for the same period a year ago.

Noninterest income decreased $3,000 for the quarter ended June 30, 2018 as compared to the same period in 2017 primarily due to a decrease in deposit account service charges partially offset by an increase in ATM and debit card fee income.

Noninterest income decreased $9,000 for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017. The decrease was primarily due to a decrease in deposit account service charges of $19,000 partially offset by an increase in ATM and debit card fee income of $10,000.

Noninterest expenses increased $165,000 for the quarter ended June 30, 2018 as compared to the same period in 2017. Increases in compensation and benefits of $133,000, data processing of $22,000, professional fees of $32,000 and a $16,000 net loss on foreclosed real estate, partially offset by decreases of $17,000 in occupancy and equipment expenses and $33,000 in impairment loss on land held for sale.

Noninterest expenses increased $204,000 for the six months ended June 30, 2018 as compared to the six months ended June 30, 2017, primarily due to increases in compensation and benefits of $186,000, data processing expense of $33,000 and professional fees of $49,000 when comparing the two periods. These increases were partially offset by decreases of $26,000 in occupancy and equipment expense, $33,000 in impairment loss on land held for sale and $14,000 of other operating expenses.

Income tax expense decreased $60,000 for the quarter ended June 30, 2018 as compared to the same period in 2017 resulting from a reduction in our effective tax rate to 17.3% compared to 31.3% due primarily to the enactment of the Tax Cuts and Jobs Act in December 2017. Income tax expense for the six months ended June 30, 2018 was $139,000 compared to $373,000 for the same period a year ago.

Balance Sheet Review

Total assets as of June 30, 2018 were $214.8 million compared to $176.7 million at December 31, 2017. Cash and cash equivalents and net loans receivable increased $35.6 million and $6.2 million, respectively, which was partially offset by a decrease in investment securities available for sale of $3.6 million. The increase in net loans receivable was due primarily to an increase in commercial construction loans originated during the six months ended June 30, 2018. Cash and cash equivalents increased primarily from excess funds provided by maturities of available for sale securities and growth in deposits. Deposits increased $38.2 million primarily due to an increase in noninterest-bearing demand deposits during the six months ended June 30, 2018.

Credit Quality

Non-performing loans were $1.5 million, or 1.3% of total loans, at June 30, 2018 compared to $1.9 million, or 1.6% of total loans at December 31, 2017. At June 30, 2018, $616,000 or 40.1% of nonperforming loans were current on their loan payments. There was no foreclosed real estate owned at June 30, 2018 compared to $176,000 at December 31, 2017.

Based on management's analysis of the allowance for loan losses, the Bank made no provision for loan losses for both the quarters ended June 30, 2018 and 2017. The Bank recognized net recoveries of $53,000 for the quarter ended June 30, 2018 compared to net loan charge-offs of $2,000 for the same period in 2017. The Bank made no provision for loan losses for the six months ended June 30, 2018. During the six months ended June 30, 2017 the Bank recognized a recapture of the provision for loan losses of $300,000 which was attributable to the continued improvement in the credit quality of the loan portfolio and the successful management of problem loans resulting in lesser charge-offs than expected. The Bank recognized net loan charge-offs of $8,000 for the six months ended June 30, 2018 compared to net charge-offs of $48,000 for the six months ended June 30, 2017. The allowance for loan losses totaled $1.7 million, representing 1.4% of total loans at June 30, 2018 compared to $1.7 million and 1.5% of total loans at December 31, 2017.

Capital

At June 30, 2018, the Bank was considered well-capitalized under applicable federal regulatory capital guidelines.

Mid-Southern Savings Bank, FSB is a federally chartered savings bank headquartered in Salem, Indiana, approximately 40 miles northwest of Louisville, Kentucky. The Bank conducts business from its main office in Salem and through its branch offices located in Mitchell and Orleans, Indiana and a loan production office located in New Albany, Indiana.

Cautionary Note Regarding Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 about the conversion and offering. Such forward looking statements may be identified by reference to a future period or periods, or by the use of forward looking terminology, such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect,” “will,” “may,” “continue,” or similar terms or variations on those terms, or the negative of those terms. Forward-looking statements, by their nature, are subject to risks and uncertainties. Certain factors that could cause actual results to differ materially from expected results include changes to the real estate and economic environment, particularly in the market areas in which the Bank operates; increased competitive pressures; changes in the interest rate environment; general economic conditions or conditions within the securities markets; and legislative and regulatory changes affecting financial institutions, including regulatory compliance costs and capital requirements that could adversely affect the business in which the Company and the Bank are engaged; and other factors described from time to time in the Company’s filings with the Securities and Exchange Commission ("SEC"), including our prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on May 24, 2018, Quarterly Reports on Form 10-Q and other filings with the SEC that are available on our website at mid-southern.com and on the SEC's website at www.sec.gov.

The factors listed above could materially affect the Company’s financial performance and could cause the Company’s actual results for future periods to differ materially from any opinions or statements expressed with respect to future periods in any current statements.

The Company does not undertake - and specifically declines any obligation - to publicly release the result of any revisions which may be made to any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events. When considering forward-looking statements, you should keep in mind these risks and uncertainties. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made.

MID-SOUTHERN SAVINGS BANK, FSB

Consolidated Financial Highlights (Unaudited)

(Dollars in thousands, except per share data)

	Six Months Ended June 30,		Three Months Ended June 30,	
OPERATING DATA	**2018**	**2017**	**2018**	**2017**
Total interest income	$ 3,416	$ 3,228	$ 1,759	$ 1,608
Total interest expense	356	329	182	167
Net interest income	3,060	2,899	1,577	1,441
Recapture of provision for loan losses	-	(300)	-	-
Net interest income after provision for loan losses	3,060	3,199	1,577	1,441
Total non-interest income	414	423	205	208
Total non-interest expense	2,718	2,514	1,424	1,259
Income before income taxes	756	1,108	358	390
Income tax expense	139	373	62	122
Net income	$ 617	$ 735	$ 296	$ 268
Net income per share attributable to				
Mid-Southern Savings Bank, FSB common shareholders:				
Basic	$ 0.42	$ 0.50	$ 0.20	$ 0.18
Diluted	$ 0.42	$ 0.50	$ 0.20	$ 0.18
Weighted average common shares outstanding:				
Basic	1,469,078	1,468,953	1,469,187	1,469,066
Diluted	1,469,682	1,469,438	1,469,857	1,469,552

	June 30,	December 31,
BALANCE SHEET INFORMATION	**2018**	**2017**
Cash and cash equivalents	$ 43,097	$ 7,464
Investment securities	42,285	45,879
Gross loans	122,794	116,619
Allowance for loan losses	1,715	1,723
Earning assets	208,137	169,589
Total assets	214,767	176,677
Deposits	190,102	151,893
Stockholders' equity	24,147	24,154
Non-performing assets:		
Nonaccrual loans	1,536	1,878
Accruing loans past due 90 days	-	-
Foreclosed real estate	-	176
Troubled debt restructurings on accrual status	1,867	1,875

OTHER FINANCIAL DATA

	Six Months Ended June 30,		Three Months Ended June 30,	
Performance ratios:	**2018**	**2017**	**2018**	**2017**
Cash dividends per share	$ -	$ 0.06	$ -	$ 0.06
Return on average assets (annualized)	0.68%	0.83%	0.64%	0.60%
Return on average stockholders' equity (annualized)	5.14%	6.27%	4.94%	4.51%
Net interest margin	3.56%	3.47%	3.61%	3.49%
Interest rate spread	3.43%	3.37%	3.47%	3.40%
Efficiency ratio	78.2%	75.7%	79.9%	76.3%
Average interest-earning assets to average interest-bearing liabilities	130.5%	124.2%	134.8%	122.6%
Average stockholders' equity to average assets	13.2%	13.2%	12.9%	13.2%

	June 30,	December 31,
Capital ratios:	**2018**	**2017**
Total risk-based capital (to risk-weighted assets)	22.0%	23.4%
Tier 1 core capital (to risk-weighted assets)	20.7%	22.1%
Common equity Tier 1 (to risk-weighted assets)	20.7%	22.1%
Tier 1 leverage (to average adjusted total assets)	13.4%	13.5%

	June 30,	December 31,
Asset quality ratios:	**2018**	**2017**
Allowance for loan losses as a percent of total loans	1.4%	1.5%
Allowance for loan losses as percent of non-performing loans	111.7%	91.7%
Net charge-offs to average outstanding loans during the period	0.0%	0.1%
Non-performing loans as a percent of total loans	1.3%	1.6%
Non-performing assets as a percent of total assets	0.7%	1.2%