

**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 year-end audit) of operations for the fourth quarter and year ended June 30, 2016:

- For the three months ended June 30, 2016, the Company reported net loss of approximately \$1,242,000, or \$(1.61) per basic and diluted share as compared to a net loss of approximately \$57,000, or \$(0.07) per basic and diluted share, for the three months ended June 30, 2015.
- For the fiscal year ended June 30, 2016, the Company recorded a net loss of approximately \$1,358,000, or \$(1.76) per basic and diluted share, as compared to a net loss of approximately \$410,000, or \$(0.53) per basic and diluted share, for the fiscal year ended June 30, 2015.
- For the three months ended June 30, 2016, net interest income before provision for loan losses increased approximately \$71,000, or 10.19% as compared to the same period in 2015. The increase in the 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 \$128,000 offset by a decrease in interest and dividends on securities of approximately \$57,000. For the three months ended June 30, 2016, interest paid on deposits and borrowings increased approximately \$9,000 as compared to the same period in 2015.
- For the fiscal year ended June 30, 2016, net interest income before provision for loan losses increased approximately \$471,000, or 17.87% as compared to fiscal year 2015. The increase in the net interest margin for the fiscal year was primarily attributable to an increase in total interest income of approximately \$517,000, or 15.23% offset by an increase in total interest expense of approximately \$46,000, or 6.11%. For the fiscal year ended June 30, 2016 provision for loan losses increased approximately \$1,579,000. The provision for loan losses for fiscal year 2015 was \$280,000.
- For the fiscal year ended June 30, 2016, non-interest income decreased \$112,000, or 27.74% as compared to fiscal year 2015. The decrease in non-interest income was primarily attributable to a decrease in miscellaneous income of \$101,000 and a decrease in fees of approximately \$10,000. The decrease in miscellaneous income for the fiscal year was primarily attributable to the receipt of a bond prepayment penalty in January 2015. The decrease in fees was primarily attributable to decreases in customer service fees.
- For the three months ended June 30, 2016 total non-interest expenses increased approximately \$201,000, or 23.00%, as compared to the same three month period in 2015. The increase in non-interest expense for the three month period was primarily attributable to increases in salaries and benefits of approximately \$84,000 or 17.91% due to the hiring of additional sales staff along with increases in professional service expense of approximately \$71,000 or 77.43% from increases in advertising and legal expense.
- For the fiscal year ended June 30, 2016, total non-interest expenses increased approximately \$313,000, or 9.13%, as compared to fiscal year 2015. The increase in non-interest expense for the fiscal year was primarily attributable to increases in other operating expenses of approximately \$129,000, professional services expense of approximately \$70,000, data processing expenses of approximately \$27,000 and salary and benefit expenses of approximately \$88,000. The increase in other operating expenses was primarily due to increases in advertising expense. The increase in salary and benefits was primarily due to increases in sales staff.

The Company's total assets at June 30, 2016 were approximately \$98.1 million, as compared to \$97.2 million at June 30, 2015. Total stockholders' equity was approximately \$13.2 million, or 13.4% of assets and \$14.2 million, or 14.6% of assets at June 30, 2016 and 2015, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2016 and 2015, 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 2016, 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, 2016 (Unaudited)	June 30, 2015
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,463	\$ 8,396
SECURITIES AVAILABLE FOR SALE, at fair value	36,103	42,443
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$0 and \$1,281, respectively	0	1
FEDERAL HOME LOAN BANK (FHLB) STOCK	388	391
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$757,516 and \$551,103, respectively	57,370	43,936
PREMISES AND EQUIPMENT, net	811	847
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	247	274
PREPAID EXPENSES AND OTHER ASSETS	1,754	877
TOTAL ASSETS	\$ 97,136	\$ 97,165
LIABILITIES		
DEPOSITS	\$ 78,771	\$ 75,279
FHLB ADVANCES	5,190	7,156
OTHER LIABILITIES	976	498
TOTAL LIABILITIES	84,937	82,933
STOCKHOLDERS' EQUITY:		
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, at cost, 32,643 shares	(640)	(640)
Retained earnings	8,166	9,524
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	596	271
TOTAL STOCKHOLDERS' EQUITY	13,199	14,232
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 98,136	\$ 97,165

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,	
	2016 (Unaudited)	2015	2016 (Unaudited)	2015
INTEREST INCOME:				
Interest and fees on loans	\$ 751	\$ 622	\$ 2,923	\$ 2,282
Interest and dividends on securities	209	266	968	1,092
Other interest income	5	6	20	20
Total interest income	965	894	3,911	3,394
INTEREST EXPENSE:				
Interest on deposits	187	178	758	682
Interest on borrowings	10	19	49	78
Total interest expense	197	197	807	760
Net interest income before provision for loan losses	768	697	3,104	2,634
Provision for loan losses	1,733	115	1,859	280
Net interest income after provision for loan losses	(965)	582	1,245	2,354
NON-INTEREST INCOME:				
Fees and other non-interest income	18	19	110	120
Gain on sale of securities, net	0	160	158	160
Miscellaneous income	4	9	25	125
Total non-interest income	22	188	293	405
NON-INTEREST EXPENSE:				
Salaries and employee benefits	556	471	2,067	1,979
Equipment and Occupancy expenses	62	60	244	245
Professional Services Expense	162	92	426	356
Data Processing Expense	113	110	446	419
Other operating expense	182	141	560	431
Total non-interest expense	1,075	874	3,743	3,430
Loss before income taxes	(2,018)	(104)	(2,205)	(671)
BENEFIT FOR INCOME TAXES				
	(776)	(47)	(847)	(261)
Net Loss	\$ (1,242)	\$ (57)	\$ (1,358)	\$ (410)
LOSS PER SHARE:				
Basic	\$ (1.61)	\$ (0.07)	\$ (1.76)	\$ (0.53)
Diluted	\$ (1.61)	\$ (0.07)	\$ (1.76)	\$ (0.53)
DIVIDENDS DECLARED PER SHARE				
	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	773,443	773,443	773,443	773,443
Diluted	773,443	773,443	773,443	773,443