

**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, 2017:

- For the three months ended June 30, 2017, the Company reported net loss of approximately \$447,000, or \$(0.58) per basic and diluted share as compared to a net loss of approximately \$1,242,000, or \$(1.61) per basic and diluted share, for the three months ended June 30, 2016.
- For the fiscal year ended June 30, 2017, the Company recorded a net loss of approximately \$792,000, or \$(1.03) per basic and diluted share, as compared to a net loss of approximately \$1,358,000, or \$(1.76) per basic and diluted share, for the fiscal year ended June 30, 2016.
- For the three months ended June 30, 2017, net interest income before provision for loan losses increased approximately \$188,000, or 24.5% as compared to the same period in 2016. 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 \$203,000 offset by a decrease in interest and dividends on securities of approximately \$37,000. For the three months ended June 30, 2017, interest paid on deposits and borrowings decreased approximately \$20,000 as compared to the same period in 2016.
- For the fiscal year ended June 30, 2017, net interest income before provision for loan losses increased approximately \$354,000, or 11.3% as compared to fiscal year 2016. The increase in the net interest margin for the fiscal year was primarily attributable to an increase in total interest income of approximately \$286,000, or 7.3% offset by a decrease in total interest expense of approximately \$68,000, or 8.4%. For the fiscal year ended June 30, 2017 provision for loan losses decreased approximately \$651,000 from \$1,859,000 for fiscal year 2016 to \$1,208,000 for fiscal year 2017.
- For the fiscal year ended June 30, 2017, non-interest income decreased approximately \$137,000, or 50.4% from \$273,000 for fiscal year 2016 to \$136,000 for fiscal year 2017. The decrease in non-interest income was primarily attributable to a decrease in net gain on sale of securities of approximately \$135,000 and a decrease in customer service fees of approximately \$9,000 offset by an increase in miscellaneous income of approximately \$7,000.
- For the three months ended June 30, 2017 total non-interest expenses decreased approximately \$179,000, or 16.7%, as compared to the same three month period in 2016. The decrease in non-interest expense for the three month period was primarily attributable to decreases in salaries and benefits of approximately \$75,000 or 13.5% due to a reduction in bonus accruals, a reduction in professional service expense of approximately \$60,000 or 37.3% and a reduction in other operating expenses of approximately \$48,000 or 25.7%.
- For the fiscal year ended June 30, 2017, total non-interest expenses decreased approximately \$58,000, or 1.54%, as compared to fiscal year 2016. The decrease in non-interest expense for the fiscal year was primarily attributable to decreases in professional services expense of approximately \$60,000, or 14.2%, and salary and benefit expenses of approximately \$37,000, or 1.8%, offset by an increase in data processing expenses of approximately \$33,000 or 7.4%.

The Company's total assets at June 30, 2017 and June 30, 2016 were approximately \$97.9 million. Total stockholders' equity was approximately \$11.9 million, or 12.1% of assets and \$13.2 million, or 13.5% of assets at June 30, 2017 and 2016, respectively.

The unaudited financial information for the three and twelve months ended June 30, 2017 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 2017, 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, 2017 (Unaudited)	June 30, 2016
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,911	\$ 1,463
SECURITIES AVAILABLE FOR SALE, at fair value	28,775	36,103
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$0 and \$0, respectively	0	0
FEDERAL HOME LOAN BANK (FHLB) STOCK	340	388
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$1,238 and \$758, respectively	62,700	57,121
PREMISES AND EQUIPMENT, net	754	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	220	247
PREPAID EXPENSES AND OTHER ASSETS	2,233	1,754
TOTAL ASSETS	\$ 97,933	\$ 97,887
LIABILITIES		
DEPOSITS	\$ 79,383	\$ 78,771
FHLB ADVANCES	5,000	5,190
OTHER LIABILITIES	1,703	727
TOTAL LIABILITIES	86,086	84,688
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, 39,260 and 32,643 shares, respectively	(706)	(640)
Retained earnings	7,374	8,166
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	102	596
TOTAL STOCKHOLDERS' EQUITY	11,847	13,199
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 97,933	\$ 97,887

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,	
	2017 (Unaudited)	2016	2017 (Unaudited)	2016
INTEREST INCOME:				
Interest and fees on loans	\$ 954	\$ 751	\$ 3,467	\$ 2,943
Interest and dividends on securities	173	209	728	968
Other interest income	6	5	22	20
Total interest income	1,133	965	4,217	3,931
INTEREST EXPENSE:				
Interest on deposits	167	187	703	758
Interest on borrowings	10	10	36	49
Total interest expense	177	197	739	807
Net interest income before provision for loan losses	956	768	3,478	3,124
Provision for loan losses	812	1,733	1,208	1,859
Net interest income after provision for loan losses	144	(965)	2,270	1,265
NON-INTEREST INCOME:				
Fees and other non-interest income	19	18	81	90
Gain on sale of securities, net	0	0	23	158
Miscellaneous income	8	4	32	25
Total non-interest income	27	22	136	273
NON-INTEREST EXPENSE:				
Salaries and employee benefits	481	556	2,030	2,067
Equipment and Occupancy expenses	58	62	244	244
Professional Services Expense	102	162	366	426
Data Processing Expense	121	113	479	446
Other operating expense	134	182	566	560
Total non-interest expense	896	1,075	3,685	3,743
Loss before income taxes	(725)	(2,018)	(1,279)	(2,205)
BENEFIT FOR INCOME TAXES	(278)	(776)	(487)	(847)
Net Loss	\$ (447)	\$ (1,242)	\$ (792)	\$ (1,358)
LOSS PER SHARE:				
Basic	\$ (0.58)	\$ (1.61)	\$ (1.03)	\$ (1.76)
Diluted	\$ (0.58)	\$ (1.61)	\$ (1.03)	\$ (1.76)
DIVIDENDS DECLARED PER SHARE	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	766,826	773,443	769,799	773,443
Diluted	766,826	773,443	769,799	773,443