

**For Immediate Release**

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**November 15, 2017**

**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES  
FIRST 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 loss of approximately \$177,000, or (\$0.23) per basic and diluted share, for the quarter ended September 30, 2017, as compared to a net loss of approximately \$106,000, or (\$0.14) per basic and diluted share, for the quarter ended September 30, 2016.

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 2016. Net interest income before provision for loan losses for the quarter ended September 30, 2017 was approximately \$1.1 million as compared to approximately \$858,000 for the quarter ended September 30, 2016, an increase of approximately \$279,000 or 32.6%. 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 \$278,000 and a decrease in total interest expense of approximately \$1,000. Provision for loan and lease losses increased approximately \$483,000 during the quarter as compared to the same period in 2016. Net interest income after provision for loan and lease losses decreased approximately \$204,000, or 26.5% for the quarter ended September 30, 2017, as compared to the same quarter in 2016. For the quarter ended September 30, 2017, total non-interest income decreased approximately \$5,000 or 11.5% while total non-interest expense decreased approximately \$96,000 or 9.7% as compared to the same three month period in 2016. The decrease in non-interest income was primarily attributable to a decrease in the net gain on the sale of securities of approximately \$23,000 offset in part by an increase in miscellaneous income and customer service fees of approximately \$18,000. The decrease in non-interest expense was primarily attributable to a decrease in salaries and benefits of approximately \$41,000, professional service expenses of approximately \$16,000, occupancy expenses of approximately \$5,000, data processing expenses of approximately \$6,000 and other operating expenses of approximately \$28,000.

The Company's total assets at September 30, 2017 were \$100.5 million, as compared to \$96.5 million at June 30, 2017. Total stockholders' equity was approximately \$11.7 million at September 30, 2017 or 11.6% of total assets as compared to approximately \$11.8 million at June 30, 2017 or approximately 12.3% of total assets.

The Bank has four offices located in Gadsden, Albertville, Guntersville, and Centre, 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)

	September 30, 2017	June 30, 2017
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 6,779	\$ 2,910
SECURITIES AVAILABLE FOR SALE, at fair value	25,322	28,774
FEDERAL HOME LOAN BANK STOCK	510	340
LOANS RECEIVABLE, net of allowance for loan losses of \$1,802 and \$1,238, respectively	64,555	61,309
PREMISES AND EQUIPMENT, net	744	755
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	207	216
PREPAID EXPENSES AND OTHER ASSETS	2,428	2,238
<b>TOTAL ASSETS</b>	<b>\$ 100,545</b>	<b>\$ 96,542</b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 77,231	\$ 79,383
FHLB ADVANCES	10,000	5,000
OTHER LIABILITIES	1,647	311
<b>TOTAL LIABILITIES</b>	<b>88,878</b>	<b>84,694</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 and 32,643 shares at cost, respectively	(706)	(706)
Retained earnings	7,196	7,374
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	100	103
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>11,667</b>	<b>11,842</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 100,545</b>	<b>\$ 96,542</b>

THE SOUTHERN BANC COMPANY, INC.  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Dollar Amounts in Thousands, except per share data)

	Three Months Ended September 30,	
	2017 (Unaudited)	2016 (Unaudited)
<b>INTEREST INCOME:</b>		
Interest and fees on loans	\$ 1,164	\$ 851
Interest and dividends on securities	162	197
Other interest income	6	6
Total interest income	1,332	1,054
<b>INTEREST EXPENSE:</b>		
Interest on deposits	168	187
Interest on borrowings	27	9
Total interest expense	195	196
Net interest income before provision for loan losses	1,137	858
Provision for loan losses	570	86
Net interest income after provision for loan losses	567	772
<b>NON-INTEREST INCOME:</b>		
Fees and other non-interest income	23	18
Net gain on sale of securities	0	23
Miscellaneous income	17	4
Total non-interest income	40	45
<b>NON-INTEREST EXPENSE:</b>		
Salaries and employee benefits	518	558
Office building and equipment expenses	57	63
Professional Services Expense	78	94
Data Processing Expense	112	118
Other operating expense	126	154
Total non-interest expense	891	987
Loss before income tax benefit	(284)	(170)
<b>INCOME TAX BENEFIT</b>		
	(107)	(64)
Net Loss	\$ (177)	\$ (106)
<b>LOSS PER SHARE:</b>		
Basic	\$ (0.23)	\$ (0.14)
Diluted	\$ (0.23)	\$ (0.14)
<b>DIVIDENDS DECLARED PER SHARE</b>		
	\$ 0.00	\$ 0.00
<b>AVERAGE SHARES OUTSTANDING:</b>		
Basic	766,826	773,443
Diluted	766,826	773,443