

**For Immediate Release**

Contact: Gates Little

(256) 543-3860

**October 25, 2013**

**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES  
FIRST QUARTER EARNINGS**

The Southern Banc Company, Inc. (OTCBB: SRNN), the holding company for The Southern Bank Company announced a net loss of approximately \$87,000, or \$(0.11) per basic and diluted share, for the quarter ended September 30, 2013, as compared to a net loss of approximately \$41,000, or \$(0.05) per basic and diluted share, for the quarter ended September 30, 2012.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest income decreased approximately \$39,000 or (6.7%) during the three month period ended September 30, 2013 as compared to the same period in 2012. The decrease in the net interest income for the three month period was primarily attributable to a decrease in interest and dividends on securities in the amount of approximately \$54,000 and a decrease in interest and fees on loans of approximately \$32,000 offset in part by a decrease in interest paid on deposits and borrowings of approximately \$42,000 and \$6,000, respectively. For the three month period ended September 30, 2013, total non-interest income decreased approximately \$13,000, or 10.4%, while total non-interest expense increased approximately \$66,000, or 9.0%, as compared to the same three month period in 2012. The decrease in non-interest income was primarily attributable to decreases in net gains on sale of securities and customer service fees. The increase in non-interest expense was primarily attributable to an increase in salaries and employee benefits relating to staff increases and an increase in professional service expenses.

The Company's total assets at September 30, 2013 were approximately \$95.5 million, as compared to \$95.6 million at June 30, 2013. Total stockholders' equity was approximately \$14.7 million, or approximately 15.4% of total assets, at September 30, 2013 as compared to approximately \$14.9 million, or approximately 15.6% of total assets, at June 30, 2013.

The Bank has four offices located in Gadsden, Albertville, Guntersville, and Centre, Alabama. 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.  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
 (Dollar Amounts in Thousands)

	September 30, 2013	June 30, 2013
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 3,299	\$ 4,049
SECURITIES AVAILABLE FOR SALE, at fair value	60,871	62,435
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$10 and \$14, respectively	9	13
FEDERAL HOME LOAN BANK (FHLB) STOCK	544	454
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$365 and \$365, respectively	28,114	25,823
PREMISES AND EQUIPMENT, net	851	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	314	335
PREPAID EXPENSES AND OTHER ASSETS	1,461	1,685
<b>TOTAL ASSETS</b>	<b>\$ 95,463</b>	<b>\$ 95,605</b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 72,129	\$ 73,158
FHLB ADVANCES	8,313	7,313
OTHER LIABILITIES	309	212
<b>TOTAL LIABILITIES</b>	<b>80,751</b>	<b>80,683</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, at cost, 32,643 and 25,768 shares, respectively	(640)	(571)
Retained earnings	10,113	10,200
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive (loss)	162	216
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>14,712</b>	<b>14,922</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 95,463</b>	<b>\$ 95,605</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,	
	2013	2012
<b>INTEREST INCOME:</b>		
Interest and fees on loans	\$ 377	\$ 409
Interest and dividends on securities	366	421
Other interest income	4	5
Total interest income	747	835
<b>INTEREST EXPENSE:</b>		
Interest on deposits	184	226
Interest on borrowings	21	28
Total interest expense	205	254
Net interest income before provision for loan losses	542	581
Provision for loan losses	0	45
Net interest income after provision for loan losses	542	536
<b>NON-INTEREST INCOME:</b>		
Fees and other non-interest income	25	28
Gain on sale of securities	0	42
Miscellaneous income	86	54
Total non-interest income	111	124
<b>NON-INTEREST EXPENSE:</b>		
Salaries and employee benefits	451	417
Office building and equipment expenses	52	58
Professional services expense	93	64
Data processing expense	92	79
Other operating expense	103	107
Total non-interest expense	791	725
Income / (loss) before income taxes	(138)	(65)
<b>PROVISION / (BENEFIT) FOR INCOME TAXES</b>	<b>(51)</b>	<b>(24)</b>
Net Income / (Loss)	<b>\$ (87)</b>	<b>\$ (41)</b>
<b>EARNINGS / (LOSS) PER SHARE:</b>		
Basic	\$ (0.11)	\$ (0.05)
Diluted	\$ (0.11)	\$ (0.05)
<b>DIVIDENDS DECLARED PER SHARE</b>	\$ ---	\$ ---
<b>AVERAGE SHARES OUTSTANDING:</b>		
Basic	780,318	780,318
Diluted	780,318	780,318