

For Immediate Release

Contact: Gates Little

(256) 543-3860

February 18, 2014

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

The Southern Banc Company, Inc. (OTCBB: SRNN), the holding company for The Southern Bank Company announced a net loss of approximately \$95,000, or \$(0.12) per basic and diluted share, for the quarter ended December 31, 2013, as compared to a net loss of approximately \$139,000, or \$(0.18) per basic and diluted share, for the quarter ended December 31, 2012. For the six month period ended December 31, 2013, the company recorded a net loss of approximately \$182,000, or \$(0.23) per basic and diluted share, as compared to a net loss of approximately \$181,000, or \$(0.23) per basic and diluted share, for the six month period ended December 31, 2012.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest income increased approximately \$86,000, or 17.4% during the three month period ended December 31, 2013 as compared to the same period in 2012. Net interest income for the six month period was approximately \$1.1 million for the six month period end December 31, 2013 and 2012. The increase in the net interest margin for the six month period was primarily attributable to a decrease in total interest income of approximately \$52,000, or (3.3%), and a decrease in total interest expense of approximately \$99,000, or 20.8%. For the six month period ended December 31, 2013, total non-interest income increased approximately \$23,000, or 10.8%, while total non-interest expense increased approximately \$120,000, or 7.8%, as compared to the same six month period in 2012. The increase in non-interest income was primarily attributable to increases in fee income attributable to the bank's factoring operation offset in part by a decrease in the gain on the sale of securities available for sale of approximately \$42,000 and customer service fees of approximately \$8,000. The increase in non-interest expense was primarily attributable to an increase in salaries and employee benefits relating to staff increases of approximately \$86,000, professional service expense of approximately \$19,000 and data processing expenses of approximately \$25,000.

The Company's total assets at December 31, 2013 were approximately \$93.9 million, as compared to \$95.6 million at June 30, 2013. Total stockholders' equity was approximately \$14.2 million, or 15.2% of total assets, at December 31, 2013 as compared to approximately \$14.9 million, or 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)

	December 31, 2013	June 30, 2013
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 2,861	\$ 4,049
SECURITIES AVAILABLE FOR SALE, at fair value	58,066	62,435
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$8 and \$14, respectively	7	13
FEDERAL HOME LOAN BANK (FHLB) STOCK	544	454
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$365	29,605	25,823
PREMISES AND EQUIPMENT, net	853	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	384	335
PREPAID EXPENSES AND OTHER ASSETS	1,601	1,685
TOTAL ASSETS	\$ 93,921	\$ 95,605
LIABILITIES		
DEPOSITS	\$ 71,355	\$ 73,158
FHLB ADVANCES	8,313	7,313
OTHER LIABILITIES	21	212
TOTAL LIABILITIES	79,689	80,683
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	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	10,018	10,200
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive (loss)	(223)	216
TOTAL STOCKHOLDERS' EQUITY	14,232	14,922
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 93,921	\$ 95,605

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2013	2012	2013	2012
INTEREST INCOME:				
Interest and fees on loans	\$ 399	\$ 393	\$ 776	\$ 802
Interest and dividends on securities	364	334	730	754
Other interest income	6	7	10	12
Total interest income	769	734	1,516	1,568
INTEREST EXPENSE:				
Interest on deposits	170	217	354	443
Interest on borrowings	19	23	40	50
Total interest expense	189	240	394	493
Net interest income before provision for loan losses	580	494	1,122	1,075
Provision for loan losses	0	0	0	44
Net interest income after provision for loan losses	580	494	1,122	1,031
NON-INTEREST INCOME:				
Fees and other non-interest income	23	28	48	56
Gain on sale of securities	0	0	0	41
Miscellaneous income	106	64	191	119
Total non-interest income	129	92	239	216
NON-INTEREST EXPENSE:				
Salaries and employee benefits	527	475	977	892
Office building and equipment expenses	56	51	108	109
Professional Services Expense	76	85	169	150
Data Processing Expense	93	80	184	159
Other operating expense	110	116	214	223
Total non-interest expense	862	807	1,652	1,533
Income / (loss) before income taxes	(153)	(221)	(291)	(286)
PROVISION / (BENEFIT) FOR INCOME TAXES	(58)	(82)	(109)	(105)
Net Income / (Loss)	\$ (95)	\$ (139)	\$ (182)	\$ (181)
EARNINGS / (LOSS) PER SHARE:				
Basic	\$ (0.12)	\$ (0.18)	\$ (0.23)	\$ (0.23)
Diluted	\$ (0.12)	\$ (0.18)	\$ (0.23)	\$ (0.23)
DIVIDENDS DECLARED PER SHARE				
	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	773,443	780,318	776,357	780,318
Diluted	773,443	780,318	776,357	780,318