

**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, 2014:

- For the three months ended June 30, 2014, the Company reported net income of approximately \$700, or \$0.00 per basic and diluted share as compared to a net loss of approximately \$91,000, or \$(0.12) per basic and diluted share, for the three months ended June 30, 2013.
- For the fiscal year ended June 30, 2014, the Company recorded a net loss of approximately \$265,000, or \$(0.34) per basic and diluted share, as compared to a net loss of approximately \$302,000, or \$(0.39) per basic and diluted share, for the fiscal year ended June 30, 2013.
- For the three months ended June 30, 2014 net interest income increased approximately \$107,000, or 23.4% as compared to the same period in 2013. 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 \$93,000 offset by a decrease in interest and dividends on securities of approximately \$22,000 and further offset by decreases in interest paid on deposits and borrowings of approximately \$35,000 and \$1,000, respectively.
- For the fiscal year ended June 30, 2014 net interest income increased approximately \$242,000, or 11.9% as compared to fiscal year 2013. The increase in the net interest margin for the fiscal year was primarily attributable to a decrease in interest paid on deposits and borrowings of approximately \$164,000, or (19.0%) and \$15,000, or (16.7%), respectively, offset by an increase in total interest income of approximately \$55,000, or 1.9%.
- For the three months ended June 30, 2014 total non-interest expenses increased approximately \$45,000, or 5.5%, as compared to the same three month period in 2013. The increase in non-interest expense for the three month period was primarily attributable to increases in professional service expense, net loss on sale of securities available for sale, salaries and employee benefits expense offset in part by a decrease in other operating expenses of approximately \$99,000.
- For the fiscal year ended June 30, 2014, total non-interest expenses increased approximately \$243,000, or 7.9%, as compared to fiscal year 2013. The increase in non-interest expense for the fiscal year was primarily attributable to increases in professional service expense and salaries and employee benefits expense. The increase was offset in part by a decrease in insurance expense and other miscellaneous operating expenses of approximately \$100,000.

The Company's total assets at June 30, 2014 were approximately \$94.3 million, as compared to \$95.6 million at June 30, 2013. Total stockholders' equity was approximately \$14.7 million, or 15.6% of assets and \$14.9 million, or 15.6% of assets at June 30, 2014 and 2013, respectively.

The unaudited financial information at or for the three and 12 months ended June 30, 2014 and 2013, 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 currently expects to release its final year end results and make available its related audited financial statements in October 2014 following completion of the year end audit. Historical results are not necessarily indicative of future results.

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.  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION  
(Dollar Amounts in Thousands)

	June 30, 2014 (Unaudited)	June 30, 2013
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 3,777	\$ 4,049
SECURITIES AVAILABLE FOR SALE, at fair value	53,525	62,435
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$6 and \$14, respectively	5	13
FEDERAL HOME LOAN BANK (FHLB) STOCK	407	454
LOANS AND LEASES RECEIVABLE, net of allowance for loan losses of \$272 and \$265, respectively	33,715	25,823
PREMISES AND EQUIPMENT, net	828	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	291	335
PREPAID EXPENSES AND OTHER ASSETS	1,709	1,685
<b>TOTAL ASSETS</b>	<b>\$ 94,257</b>	<b>\$ 95,605</b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 72,058	\$ 73,158
FHLB ADVANCES	7,156	7,313
OTHER LIABILITIES	339	212
<b>TOTAL LIABILITIES</b>	<b>79,553</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	9,934	10,200
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	333	216
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>14,704</b>	<b>14,922</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 94,257</b>	<b>\$ 95,605</b>

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,	
	2014 (Unaudited)	2013	2014 (Unaudited)	2013
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 402	\$ 309	\$ 1,582	\$ 1,477
Interest and dividends on securities	339	361	1,419	1,469
Other interest income	4	3	20	20
	745	673	3,021	2,966
<b>INTEREST EXPENSE:</b>				
Interest on deposits	156	197	677	842
Interest on borrowings	17	19	75	89
Total interest expense	173	216	752	931
Net interest income before provision for loan losses	572	457	2,269	2,035
Provision for loan losses	0	0	0	36
Net interest income after provision for loan losses	572	457	2,269	1,999
<b>NON-INTEREST INCOME:</b>				
Fees and other non-interest income	23	85	110	165
Gain on sale of securities, net	177	0	161	94
Miscellaneous income	93	69	348	309
Total non-interest income	293	154	619	568
<b>NON-INTEREST EXPENSE:</b>				
Salaries and employee benefits	464	445	1,990	1,751
Office building and equipment expenses	61	53	228	216
Professional Services Expense	140	98	378	324
Data Processing Expense	94	88	373	334
Other operating expense	120	112	360	460
Total non-interest expense	879	796	3,329	3,085
Loss before income taxes	(14)	(185)	(441)	(518)
BENEFIT FOR INCOME TAXES	(14)	(94)	(176)	(216)
Net Loss	\$ (0)	\$ (91)	\$ (265)	\$ (302)
<b>LOSS PER SHARE:</b>				
Basic	\$ (0.00)	\$ (0.12)	\$ (0.34)	\$ (0.39)
Diluted	\$ (0.00)	\$ (0.12)	\$ (0.34)	\$ (0.39)
DIVIDENDS DECLARED PER SHARE	\$ ---	\$ ---	\$ ---	\$ ---
<b>AVERAGE SHARES OUTSTANDING:</b>				
Basic	773,443	780,318	774,912	780,318
Diluted	773,443	780,318	774,912	780,318