

**For Immediate Release**

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**November 14, 2014**

**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 \$139,000, or (\$0.18) per basic and diluted share, for the quarter ended September 30, 2014, as compared to a net loss of approximately \$87,000, or (\$0.11) per basic and diluted share, for the quarter ended September 30, 2013.

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 2013. Net interest income for the quarter ended September 30, 2014 was approximately \$644,000 as compared to approximately \$621,000 for the quarter ended September 30, 2013, an increase of approximately \$23,000 or 3.62%. The improvement in the net interest margin for the quarter was primarily attributable to a decrease in total interest expense of approximately \$24,000 and an increase in total interest income of approximately \$2,000. For the quarter ended September 30, 2014, total non-interest income increased approximately \$42,000 or 133.0% while total non-interest expense increased approximately \$149,000 or 18.8% as compared to the same three month period in 2013. The increase in non-interest income was primarily attributable to an increase in operating lease rental income of approximately \$46,000 offset in part by a decrease in customer service fees of approximately \$3,000. The increase in non-interest expense was primarily attributable to an increase in salaries and benefits of approximately \$78,000 and operating lease depreciation expense of approximately \$36,000.

The Company's total assets at September 30, 2014 were \$95.3 million, as compared to \$94.3 million at June 30, 2014. Total stockholders' equity was approximately \$14.5 million at September 30, 2014 or 15.2% of total assets as compared to approximately \$14.7 million at June 30, 2014 or approximately 15.6% of total assets.

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, 2014	June 30, 2014
<b>ASSETS</b>		
CASH AND CASH EQUIVALENTS	\$ 3,029	\$ 3,784
SECURITIES AVAILABLE FOR SALE, at fair value	51,407	53,525
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$4 and \$5, respectively	4	5
FEDERAL HOME LOAN BANK STOCK	407	407
LOANS RECEIVABLE, net of allowance for loan losses of \$359 and \$361, respectively	38,840	34,904
PREMISES AND EQUIPMENT, net	822	828
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	266	291
PREPAID EXPENSES AND OTHER ASSETS	556	593
<b>TOTAL ASSETS</b>	<b>\$ <u>95,331</u></b>	<b>\$ <u>94,337</u></b>
<b>LIABILITIES</b>		
DEPOSITS	\$ 73,391	\$ 72,064
FHLB ADVANCES	7,156	7,156
OTHER LIABILITIES	293	413
<b>TOTAL LIABILITIES</b>	<b>80,840</b>	<b>79,633</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 shares	(640)	(640)
Retained earnings	9,796	9,935
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income (loss)	258	332
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b><u>14,491</u></b>	<b><u>14,704</u></b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ <u>95,331</u></b>	<b>\$ <u>94,337</u></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,	
	2014 (Unaudited)	2013 (Unaudited)
<b>INTEREST INCOME:</b>		
Interest and fees on loans	\$ 498	\$ 456
Interest and dividends on securities	323	366
Other interest income	4	4
Total interest income	825	826
<b>INTEREST EXPENSE:</b>		
Interest on deposits	162	184
Interest on borrowings	19	21
Total interest expense	181	205
Net interest income before provision for loan losses	644	621
Provision for loan losses	0	0
Net interest income after provision for loan losses	644	621
<b>NON-INTEREST INCOME:</b>		
Fees and other non-interest income	22	25
Net gain on sale of securities	0	0
Miscellaneous income	52	7
Total non-interest income	74	32
<b>NON-INTEREST EXPENSE:</b>		
Salaries and employee benefits	528	451
Office building and equipment expenses	64	52
Professional Services Expense	97	93
Data Processing Expense	98	92
Other operating expense	154	104
Total non-interest expense	941	792
Loss before income tax benefit	(223)	(139)
<b>PROVISION FOR INCOME TAX (BENEFIT)</b>		
	(84)	(52)
Net Income (Loss)	\$ (139)	\$ (87)
<b>EARNINGS PER SHARE:</b>		
Basic	\$ (0.18)	\$ (0.11)
Diluted	\$ (0.18)	\$ (0.11)
<b>DIVIDENDS DECLARED PER SHARE</b>		
	\$ 0.00	\$ 0.00
<b>AVERAGE SHARES OUTSTANDING:</b>		
Basic	773,443	780,318
Diluted	773,443	780,318