

For Immediate Release

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**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES
SECOND 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 \$146,000, or (\$0.19) per basic and diluted share, for the quarter ended December 31, 2014, as compared to a net loss of approximately \$95,000, or (\$0.12) per basic and diluted share, for the quarter ended December 31, 2013.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins improved slightly during the quarter ended December 31, 2014 as compared to the same period in 2013. Net interest income for the quarter ended December 31, 2014 was approximately \$699,000 as compared to approximately \$681,000 for the quarter ended December 31, 2013, an increase of approximately \$18,000 or 2.71%. The improvement in the net interest margin for the quarter was primarily attributable to an increase in total interest income of approximately \$18,000 and a decrease in total interest expense of approximately \$1,000. For the six months ended December 31, 2014, total non-interest income decreased approximately \$400 or 0.69% while total non-interest expense increased approximately \$81,000 or 4.90% as compared to the same six month period in 2013. The increase in non-interest expense was primarily attributable to increases in salaries, occupancy, equipment, professional services, data processing and other operating expenses of approximately \$8,000, \$16,000, \$25,000, \$14,000 and \$18,000, respectively.

The Company's total assets at December 31, 2014 were \$95.5 million, as compared to \$94.3 million at June 30, 2014. Total stockholders' equity was approximately \$14.6 million at December 31, 2014 or 15.3% 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)

	December 31, 2014	June 30, 2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 788	\$ 3,784
SECURITIES AVAILABLE FOR SALE, at fair value	49,942	53,525
SECURITIES HELD TO MATURITY, at amortized cost, fair value of \$3 and \$5, respectively	3	5
FEDERAL HOME LOAN BANK STOCK	452	407
LOANS RECEIVABLE, net of allowance for loan losses of \$403 and \$361, respectively	42,711	34,904
PREMISES AND EQUIPMENT, net	855	828
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	310	291
PREPAID EXPENSES AND OTHER ASSETS	513	593
TOTAL ASSETS	\$ <u>95,574</u>	\$ <u>94,337</u>
LIABILITIES		
DEPOSITS	\$ 72,400	\$ 72,064
FHLB ADVANCES	8,321	7,156
OTHER LIABILITIES	261	413
TOTAL LIABILITIES	80,982	79,633
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 shares	(640)	(640)
Retained earnings	9,650	9,935
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income (loss)	505	332
TOTAL STOCKHOLDERS' EQUITY	<u>14,592</u>	<u>14,704</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>95,574</u>	\$ <u>94,337</u>

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,	
	2014	2013	2014	2013
INTEREST INCOME:				
Interest and fees on loans	\$ 578	\$ 499	\$ 1,076	\$ 956
Interest and dividends on securities	304	364	627	730
Other interest income	5	6	9	10
Total interest income	887	869	1,712	1,696
INTEREST EXPENSE:				
Interest on deposits	169	170	331	354
Interest on borrowings	19	19	38	40
Total interest expense	188	189	369	394
Net interest income before provision for loan losses	699	680	1,343	1,302
Provision for loan losses	125	0	125	0
Net interest income after provision for loan losses	574	680	1,218	1,302
NON-INTEREST INCOME:				
Fees and other non-interest income	26	23	48	48
Gain on sale of securities	0	0	0	0
Miscellaneous income	(41)	5	11	12
Total non-interest income	(15)	28	59	60
NON-INTEREST EXPENSE:				
Salaries and employee benefits	457	527	985	978
Office building and equipment expenses	59	56	123	108
Professional Services Expense	97	76	195	169
Data Processing Expense	101	92	198	185
Other operating expense	79	110	233	214
Total non-interest expense	793	861	1,734	1,654
Income / (loss) before income taxes	(234)	(153)	(457)	(292)
PROVISION / (BENEFIT) FOR INCOME TAXES				
	(88)	(58)	(172)	(110)
Net Income / (Loss)	\$ (146)	\$ (95)	\$ (285)	\$ (182)
EARNINGS / (LOSS) PER SHARE:				
Basic	\$ (0.19)	\$ (0.12)	\$ (0.37)	\$ (0.23)
Diluted	\$ (0.19)	\$ (0.12)	\$ (0.37)	\$ (0.23)
DIVIDENDS DECLARED PER SHARE				
	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	773,443	780,318	773,443	780,318
Diluted	773,443	780,318	773,443	780,318