

For Immediate Release

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February 10, 2017

**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 \$177,000, or (\$0.23) per basic and diluted share, for the quarter ended December 31, 2016, as compared to a net loss of approximately \$103,000, or (\$0.13) per basic and diluted share, for the quarter ended December 31, 2015. For the six-month period ended December 31, 2016 the Company recorded a net loss of approximately \$283,000 as compared to a net loss of approximately \$209,000 for the six-month period ended December 31, 2015.

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 2015. Net interest income for the quarter ended December 31, 2016 was approximately \$820,000 as compared to approximately \$750,000 for the quarter ended December 31, 2015, an increase of approximately \$70,000 or 9.4%. The improvement in the net interest margin for the quarter was primarily attributable to an increase in total interest income of approximately \$57,000 and a decrease in total interest expense of approximately \$13,000. Provision for loan and lease losses increased approximately \$199,000 during the quarter as compared to the same period in 2015. Net interest income after provision for loan and lease losses decreased approximately \$129,000 for the quarter ended December 31, 2016, as compared to the same quarter in 2015. For the quarter ended December 31, 2016, total non-interest income increased approximately \$3,000 or 8.8% while total non-interest expense decreased approximately \$8,000 or 1.0% as compared to the same three month period in 2015. The increase in non-interest income was primarily attributable to an increase in miscellaneous income of approximately \$2,000. The decrease in non-interest expense was primarily attributable to decreases in salaries and benefits of approximately \$23,000, other operating expenses of approximately \$11,000, offset in part by increases in professional service expenses of approximately \$11,000 and data processing expenses of approximately \$16,000.

For the six-months ended December 31, 2016, net interest income increased approximately \$201,000 or 13.6%. Provision for loan and lease losses increased approximately \$226,000 during the six-month period as compared to the same period in 2015. Net interest income after provision for loan and lease losses decreased approximately \$25,000 or 1.8% for the six-months ended December 31, 2016, as compared to the same quarter in 2015. For the six-months ended December 31, 2016, total non-interest income increased approximately \$8,000 or 13.8% while total non-interest expense increased approximately \$102,000 or 5.8% as compared to the same period in 2015. The increase in non-interest income was primarily attributable to an increase in the net gain on sale of securities of approximately \$23,000 offset in part by a decrease in miscellaneous income of approximately \$15,000 or 54.0%. The increase in non-interest expense was primarily attributable to increases in salaries and benefits of approximately \$43,000, occupancy expenses of approximately \$2,000, professional fees of approximately \$32,000, data processing fees of approximately \$20,000 and other operating expenses of approximately \$5,000.

The Company's total assets at December 31, 2016 were approximately \$93.8 million, as compared to \$97.9 million at June 30, 2016. Total stockholders' equity was approximately \$12.3 million at December 31, 2016 or 13.1% of total assets as compared to approximately \$13.2 million at June 30, 2016 or approximately 13.5% 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, 2016	June 30, 2016
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ASSETS		
CASH AND CASH EQUIVALENTS	\$ 1,979	\$ 1,463
SECURITIES AVAILABLE FOR SALE, at fair value	31,239	36,103
FEDERAL HOME LOAN BANK STOCK	218	388
LOANS RECEIVABLE, net of allowance for loan losses of \$1,038 and \$758, respectively	57,449	57,121
PREMISES AND EQUIPMENT, net	779	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	257	247
PREPAID EXPENSES AND OTHER ASSETS	1,878	1,754
TOTAL ASSETS	\$ <u>93,799</u>	\$ <u>97,887</u>
LIABILITIES		
DEPOSITS	\$ 77,445	\$ 78,771
FHLB ADVANCES	3,255	5,190
OTHER LIABILITIES	795	727
TOTAL LIABILITIES	81,495	84,688
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, 39,260 shares	(706)	(640)
Retained earnings	7,883	8,166
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	50	596
TOTAL STOCKHOLDERS' EQUITY	<u>12,304</u>	<u>13,199</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>93,799</u>	\$ <u>97,887</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,		Year-to-Date December 31,	
	2016 (Unaudited)	2015	2016 (Unaudited)	2015
INTEREST INCOME:				
Interest and fees on loans	\$ 819	\$ 692	\$ 1,670	\$ 1,341
Interest and dividends on securities	183	253	380	530
Other interest income	4	4	10	11
Total interest income	1,006	949	2,060	1,882
INTEREST EXPENSE:				
Interest on deposits	179	190	366	377
Interest on borrowings	7	9	16	28
Total interest expense	186	199	382	405
Net interest income before provision for loan losses	820	750	1,678	1,477
Provision for loan losses	233	34	320	94
Net interest income after provision for loan losses	587	716	1,358	1,383
NON-INTEREST INCOME:				
Fees and other non-interest income	23	22	41	41
Net gain on sale of securities	0	0	23	0
Miscellaneous income	8	6	12	27
Total non-interest income	31	28	76	68
NON-INTEREST EXPENSE:				
Salaries and employee benefits	484	507	1,042	999
Office building and equipment expenses	61	62	124	122
Professional Services Expense	95	84	188	156
Data Processing Expense	122	106	240	220
Other operating expense	140	151	294	289
Total non-interest expense	902	910	1,888	1,786
Loss before income taxes	(284)	(166)	(454)	(335)
BENEFIT FOR INCOME TAXES	(107)	(63)	(171)	(126)
Net Loss	\$ (177)	\$ (103)	\$ (283)	\$ (209)
LOSS PER SHARE:				
Basic	\$ (0.23)	\$ (0.13)	\$ (0.37)	\$ (0.27)
Diluted	\$ (0.23)	\$ (0.13)	\$ (0.37)	\$ (0.27)
DIVIDENDS DECLARED PER SHARE	\$ ---	\$ ---	\$ ---	\$ ---
AVERAGE SHARES OUTSTANDING:				
Basic	773,443	773,443	773,443	773,443
Diluted	773,443	773,443	773,443	773,443