

For Immediate Release

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**THE SOUTHERN BANC COMPANY, INC. ANNOUNCES
THIRD 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 \$63,000, or (\$0.08) per basic and diluted share, for the quarter ended March 31, 2017, as compared to net income of approximately \$92,000, or \$0.12 per basic and diluted share, for the quarter ended March 31, 2016. For the nine-month period ended March 31, 2017 the Company recorded a net loss of approximately \$346,000 as compared to a net loss of approximately \$117,000 for the nine-month period ended March 31, 2016.

Gates Little, President and Chief Executive Officer of the Company stated that the Company's net interest margins decreased during the quarter as compared to the same period in 2016. Net interest income for the quarter ended March 31, 2017 was approximately \$844,000 as compared to approximately \$882,000 for the quarter ended March 31, 2016, a decrease of approximately \$38,000 or 4.3%. The decrease in the net interest margin for the quarter was primarily attributable to a decrease in total interest income of approximately \$61,000 and a decrease in total interest expense of approximately \$23,000. Provision for loan and lease losses increased approximately \$43,000 during the quarter as compared to the same period in 2016. Net interest income after provision for loan and lease losses decreased approximately \$81,000 for the quarter ended March 31, 2017, as compared to the same quarter in 2016. For the quarter ended March 31, 2017, total non-interest income decreased approximately \$154,000 or 83.0% while total non-interest expense increased approximately \$13,000 or 1.6% as compared to the same three month period in 2016. The decrease in non-interest income was primarily attributable to a decrease in net gain on sale of securities of approximately \$160,000. The increase in non-interest expense was primarily attributable to increases in salaries and benefits of approximately \$32,000, occupancy expenses of approximately \$4,000, data processing expenses of approximately \$5,000 and other operating expenses of approximately \$5,000, offset in part by a decrease in professional service expenses of approximately \$33,000.

For the nine-months ended March 31, 2017, net interest income increased approximately \$163,000 or 6.9%. Provision for loan and lease losses increased approximately \$269,000 or 212.3% during the nine-month period as compared to the same period in 2016. Net interest income after provision for loan and lease losses decreased approximately \$106,000 or 4.8% for the nine-months ended March 31, 2017, as compared to the same period in 2016. For the nine-months ended March 31, 2017, total non-interest income decreased approximately \$145,000 or 57.2% while total non-interest expense increased approximately \$117,000 or 4.4% as compared to the same period in 2016. The decrease in total non-interest income was primarily attributable to a decrease in the net gain on sale of securities of approximately \$137,000 and a decrease in miscellaneous income of approximately \$13,000 or 34.1% offset in part by an increase in customer service fees of approximately \$5,000 or 7.2%. The increase in non-interest expense was primarily attributable to increases in salaries and benefits of approximately \$77,000, occupancy expenses of approximately \$5,000, data processing fees of approximately \$25,000 and other operating expenses of approximately \$10,000.

The Company's total assets at March 31, 2017 were approximately \$94.4 million, as compared to \$97.9 million at June 30, 2016. Total stockholders' equity was approximately \$12.2 million at March 31, 2017 or 13.0% 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)

	March 31, 2017	June 30, 2016
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ASSETS		
CASH AND CASH EQUIVALENTS	\$ 4,534	\$ 1,463
SECURITIES AVAILABLE FOR SALE, at fair value	29,750	36,103
FEDERAL HOME LOAN BANK STOCK	297	388
LOANS RECEIVABLE, net of allowance for loan losses of \$915 and \$758, respectively	56,940	57,121
PREMISES AND EQUIPMENT, net	771	811
ACCRUED INTEREST AND DIVIDENDS RECEIVABLE	183	247
PREPAID EXPENSES AND OTHER ASSETS	1,919	1,754
TOTAL ASSETS	\$ <u>94,394</u>	\$ <u>97,887</u>
LIABILITIES		
DEPOSITS	\$ 75,767	\$ 78,771
FHLB ADVANCES	5,000	5,190
OTHER LIABILITIES	1,385	727
TOTAL LIABILITIES	<u>82,152</u>	<u>84,688</u>
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 and 32,643 shares, respectively	(706)	(640)
Retained earnings	7,819	8,166
Treasury stock, at cost, 648,664 shares	(8,825)	(8,825)
Accumulated other comprehensive income	52	596
TOTAL STOCKHOLDERS' EQUITY	<u>12,242</u>	<u>13,199</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u>94,394</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 March 31,		Year-to-Date March 31,	
	2017 (Unaudited)	2016	2017 (Unaudited)	2016
INTEREST INCOME:				
Interest and fees on loans	\$ 843	\$ 852	\$ 2,513	\$ 2,192
Interest and dividends on securities	175	228	555	759
Other interest income	6	5	16	15
Total interest income	1,024	1,085	3,084	2,966
INTEREST EXPENSE:				
Interest on deposits	170	192	536	568
Interest on borrowings	10	11	26	39
Total interest expense	180	203	562	607
Net interest income before provision for loan losses	844	882	2,522	2,359
Provision for loan losses	76	33	396	127
Net interest income after provision for loan losses	768	849	2,126	2,232
NON-INTEREST INCOME:				
Fees and other non-interest income	20	16	62	57
Net gain on sale of securities	0	160	23	160
Miscellaneous income	11	9	23	36
Total non-interest income	31	185	108	253
NON-INTEREST EXPENSE:				
Salaries and employee benefits	507	475	1,550	1,473
Office building and equipment expenses	63	59	186	181
Professional Services Expense	75	108	264	264
Data Processing Expense	118	113	358	333
Other operating expense	137	132	431	421
Total non-interest expense	900	887	2,789	2,672
Loss before income taxes	(101)	147	(555)	(187)
BENEFIT FOR INCOME TAXES	(38)	55	(209)	(70)
Net Loss	\$ (63)	\$ 92	\$ (346)	\$ (117)
LOSS PER SHARE:				
Basic	\$ (0.08)	\$ 0.12	\$ (0.45)	\$ (0.15)
Diluted	\$ (0.08)	\$ 0.12	\$ (0.45)	\$ (0.15)
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