



FIRST CITIZENS
NATIONAL BANK



FOR IMMEDIATE RELEASE

First Citizens Bancshares, Inc. Creates Statewide Footprint Through Merger With Southern Heritage Bancshares, Inc.

Dyersburg, Tennessee and Cleveland, Tennessee – March 20, 2014 – First Citizens Bancshares, Inc. and Southern Heritage Bancshares, Inc. jointly announced today the execution of a definitive Agreement and Plan of Merger whereby Southern Heritage will partner with First Citizens through a cash and stock merger. Following the completion of the transaction, Southern Heritage will retain its name and will remain a separately-chartered bank, operating as a subsidiary of First Citizens Bancshares, Inc.

With the merger, First Citizens will extend its branch footprint statewide while solidifying its position as the 7th largest Tennessee-based community bank. In addition, First Citizens will increase its statewide market share, improving its Tennessee deposit market share ranking to 16th. The combined organization will have approximately \$1.5 billion in assets, \$1.2 billion in deposits, 350 associates and 24 branches across 10 Tennessee counties.

“We are incredibly excited about this partnership, which introduces First Citizens to the vibrant community of Cleveland and significantly expands our presence throughout Tennessee,” said Jeff Agee, First Citizens CEO. “Southern Heritage has earned a reputation for exceptional, individualized client service, which is a testament to the strong leadership team in place. We have long admired the banking culture of Southern Heritage, which is extraordinarily similar to our own. We have known the management of Southern Heritage for quite some time, and we could not be more excited about the growth opportunities this partnership provides. We look forward to earning the continued loyalty and business of Southern Heritage’s clients. We also look forward to delivering significant long-term value for our combined shareholders as a result of this transaction.”

J. Lee Stewart, Southern Heritage President and CEO, will continue to serve in this capacity following the transaction and will join the First Citizens Board of Directors. “We are very excited about the long-lasting opportunities that will be generated through this partnership between our very customer-centric organizations,” noted Mr. Stewart. “Our cultures, core values, and strategies align very well, and we are both committed to the respective communities we serve.” Mr. Stewart further commented “The structure of this merger is significantly different from any that has occurred in our market area in the past. With this structure Southern Heritage will be able to advance the mission and values we started

with while becoming a part of a larger, high-performing, statewide, banking company with a remarkably similar culture and customer focus.”

“We are convinced this partnership will greatly benefit our shareholders, co-workers, clients and communities over the long run and look forward to joining the tremendous team of dedicated professionals at First Citizens,” added Southern Heritage COO Steve Ledbetter, who will continue to serve in this capacity following the transaction.

The transaction is valued at \$24.50 per share of Southern Heritage common stock or approximately \$32.2 million. Under the terms of the merger agreement, which was unanimously approved by the boards of both companies, shareholders of Southern Heritage will be able to elect to receive consideration in the form of 0.5751 shares of First Citizens stock, \$24.50 in cash, or a combination of stock and cash comprised of 0.2876 shares of First Citizens stock and \$12.25 in cash for each share of Southern Heritage common stock. The allocation of the total form of consideration and the total and per share consideration amount is subject to proration and adjustment under certain circumstances as provided in the merger agreement.

The transaction, which is expected to close in the 3rd quarter of 2014, remains subject to approval by Southern Heritage’s shareholders and approval by federal and state regulatory authorities as well as the satisfaction of other customary closing conditions provided in the merger agreement.

First Citizens was advised by Olsen Palmer LLC and the law firm of Waller Lansden Dortch & Davis, LLP. Southern Heritage was advised by FIG Partners, LLC and the law firm of Baker, Donelson, Bearman, Caldwell & Berkowitz, PC.

About First Citizens

Originally founded in 1889, with \$1.2 billion in total assets and 21 branches throughout west and middle Tennessee, First Citizens is the 7th largest Tennessee-based commercial banking institution and is the 17th largest deposit holder in the Volunteer state. For the second year in a row, Seifried & Brew, a national banking economic and consulting group, included First Citizens National Bank in the Top 15th percentile of community banks, based on institutions with assets between \$100 million and \$5 billion. In November 2013, First Citizens National Bank was recognized by *American Banker* magazine as the “6th Best Bank to Work For in the U.S.” in the category of banks with assets less than \$3 billion. For more information, visit the company’s website at www.FirstCNB.com.

About Southern Heritage

Founded in 1999, Cleveland, Tennessee-based Southern Heritage Bank, the wholly-owned subsidiary of Southern Heritage Bancshares, Inc., has \$237 million in total assets and \$206 million in total deposits. Southern Heritage currently operates 3 full-service banking centers spanning Bradley County, Tennessee. For more information, visit the company’s website at www.southernheritagebank.com.

Additional Information for Shareholders

In connection with the proposed merger, First Citizens expects to file a registration statement on Form S-4 with the Securities and Exchange Commission. Shareholders of First Citizens and Southern Heritage are encouraged to read the registration statement, including the proxy statement/prospectus that will be part of the registration statement, because it will contain important information about the merger, First Citizens and Southern Heritage. After the registration statement is filed with the SEC, the proxy statement/prospectus and other relevant documents will be available for free on the SEC's website (www.sec.gov), and the proxy statement/prospectus will also be made available for free from the Corporate Secretary of each of First Citizens and Southern Heritage.

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements about the expected timing, completion, financial and other benefits and other effects of the proposed merger, the extension of First Citizens' footprint, the increase in First Citizens' market share, the size of the combined organization, growth opportunities and continued service of certain offices of Southern Heritage. Forward-looking statements can be identified by the use of the words "anticipate," "believe," "expect," "intend," "could," "should," "forward," "future," "opportunity" and other words of similar meaning. These forward-looking statements express management's current expectations or forecasts of future events and, by their nature, are subject to risks and uncertainties and there are a number of factors that could cause actual results to differ materially from those in such statements. Factors that might cause such a difference include, but are not limited to: expected cost savings, synergies and financial and other benefits from the proposed merger might not be realized within the expected time frames and costs or difficulties relating to integration matters might be greater than expected; the requisite shareholder and regulatory approvals for the proposed merger might not be obtained; market, economic, operational, liquidity, credit and interest rate risks associated with First Citizens' and Southern Heritage's businesses, competition, government legislation and policies; ability of First Citizens and Southern Heritage to execute their respective business plans (including the proposed acquisition of Southern Heritage); changes in the economy which could materially impact credit quality trends and the ability to generate loans and gather deposits; failure or circumvention of either First Citizens' or Southern Heritage's internal controls; failure or disruption of First Citizens' or Southern Heritage's information systems; significant changes in accounting, tax or regulatory practices or requirements; new legal obligations or liabilities or unfavorable resolutions of litigations; other matters discussed in this press release and other factors identified in the proxy statement/prospectus. These forward-looking statements are made only as of the date of this press release, and neither First Citizens nor Southern Heritage undertakes an obligation to release revisions to these forward-looking statements to reflect events or conditions after the date of this press release.

Sources: First Citizens Bancshares, Inc., Southern Heritage Bancshares, Inc. and SNL Financial.