

First Citizens Financial Corporation (Private; Dawsonville, GA) has agreed to merge with CoastalSouth Bancshares, Inc. (Hilton Head Island, SC)

Deal Value: \$11.6 Million

Sandler O'Neill acted as financial advisor and rendered a fairness opinion to First Citizens Financial Corporation in this transaction. This transaction represents Sandler O'Neill's 168th bank or thrift transaction nationwide since January 1, 2015, representing \$49.3 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

Since January 1, 2015, Sandler O'Neill has advised on 10 bank or thrift transactions in Georgia for an aggregate transaction value of \$2.1 billion, more than any other investment bank during that period.¹

Hilton Head Island, South Carolina and Dawsonville, Georgia (May 1, 2018) – CoastalSouth Bancshares, Inc. ("CoastalSouth" or the "Company") (OTCQX: COSO), the parent company of CoastalStates Bank ("CSB") and First Citizens Financial Corporation ("FCFC"), the parent company of Foothills Community Bank ("Foothills"), announced today the signing of a definitive merger agreement pursuant to which FCFC will merge with and into CoastalSouth. Following completion of the merger, Foothills will become part of CSB and will continue to be led by its existing management team of John L. Lewis and Steven F. Smith.

"We are very excited to announce our partnership with Foothills and our expansion into North Georgia," said Steve Stone, Chief Executive Officer of CoastalSouth and CSB. "Following our recapitalization of CoastalSouth in July 2017, we have focused on executing our strategic plan through a combination of organic growth, the establishment of new lines of business, and expansion into new markets. Our management team has great familiarity with the Dawsonville and Cumming markets, as well as years of experience working with the Foothills management team. We hold a great deal of respect for John, Steven, and the rest of the Foothills team, and we are excited to provide them with additional capital resources to continue to serve their customers. Like CSB, Foothills is LOCAL, and proud of it."

John Lewis, Chief Executive Officer of FCFC, stated, "We are very pleased to combine with CSB given the similarities in our culture and our shared commitment to community banking. Our customers, employees, and communities will benefit from being part of CSB, and we look forward to growing our combined franchise in North Georgia. Additionally, our Forsyth and Dawson markets will continue to grow and prosper under the existing leadership of Daniel Baker and Adam Smith, respectively."

Under the terms of the definitive agreement, each share of common stock of FCFC issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive 0.0330 shares of CoastalSouth common stock or \$0.52 in cash (depending upon certain share ownership thresholds). The conversion ratio is based upon a price per share of CoastalSouth common stock of \$15.75, and the total transaction value equates to approximately \$11.6 million based on this price per share.

The proposed merger has been approved by each company's Board of Directors and is expected to close in the third quarter of 2018. Completion of the transaction is subject to the satisfaction of customary closing conditions, including the receipt of required regulatory approvals and the approval of FCFC's shareholders.

Financial Highlights

Dollars in millions

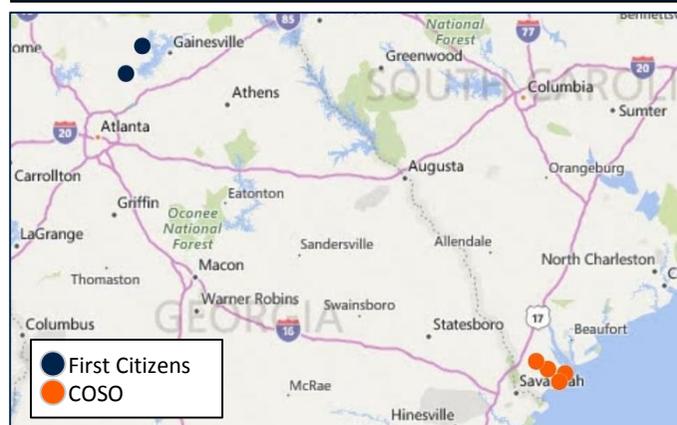
	CoastalSouth Bancshares, Inc.	First Citizens Financial Corporation
Total Assets	\$442	\$95
Total Net Loans	\$305	\$63
Total Deposits	\$385	\$87
Total Equity	\$56	\$8
TCE / TA	12.64%	7.99%

Notes: Financial data as of March 31, 2018

¹ Majority and minority transactions; Excludes terminated transactions and self-advisory roles

Source: S&P Global Market Intelligence; Company Documents; Press Release

Pro Forma Map



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