

1st Financial Services Corporation (OTCQB: FFIS; Hendersonville, NC) has agreed to merge with First Citizens BancShares, Inc. (NASDAQ: FCNCA; Raleigh, NC)

Deal Value: \$10.0 million

Sandler O'Neill served as financial advisor to 1st Financial Services Corporation and rendered a fairness opinion in connection with the transaction. This transaction is Sandler O'Neill's 93rd bank or thrift transaction nationwide since January 1, 2011. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions than any other investment bank during that time period. This transaction represents Sandler O'Neill's 9th bank and thrift transaction in North Carolina since January 1, 2011, more than any other investment bank during that time period.¹

RALEIGH and HENDERSONVILLE, N.C. — First-Citizens Bank & Trust Company (known as First Citizens Bank) and 1st Financial Services Corporation announced today the signing of a definitive merger agreement. 1st Financial Services Corp. provides commercial banking products and services through its subsidiary, Mountain 1st Bank & Trust Company.

This agreement provides for the merger of Hendersonville, N.C.-based 1st Financial Services Corp. and Mountain 1st Bank into First Citizens Bank, which is headquartered in Raleigh, N.C. The announcement was made jointly by Frank B. Holding Jr., chairman and chief executive officer of First Citizens Bank, and Michael G. Mayer, chief executive officer of 1st Financial Services Corp. and Mountain 1st Bank.

The agreement has been approved by the Boards of Directors of all three companies. The transaction is expected to close no later than the first quarter of 2014, subject to the receipt of regulatory approvals and the approval of 1st Financial Services Corp. shareholders.

Under the terms of the agreement, cash consideration of \$10 million will be split between the U.S. Treasury, which will receive \$8 million of the cash consideration in order for 1st Financial Services Corp. to exit from the federal TARP program, and common shareholders of 1st Financial Services Corp., who will receive \$2 million.

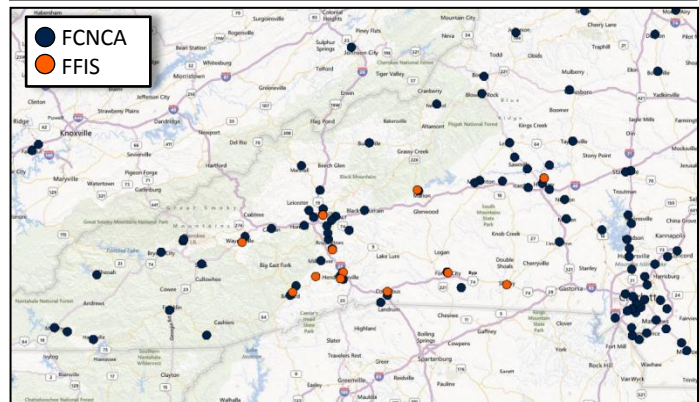
1st Financial Services Corp. operates 12 branches in western North Carolina communities through Mountain 1st Bank, with \$692 million in assets, \$669 million in deposits and \$363 million in loans as of June 30, 2013. The Mountain 1st branches are located in Asheville, Brevard, Columbus, Etowah, Fletcher, Forest City, Hendersonville (two branches), Hickory, Marion, Shelby and Waynesville. Customers should bank as they normally do at their existing branches. Pending completion of the merger, Mountain 1st Bank branch offices will open as First Citizens Bank branches.

Financial Highlights

	<u>FCNCA</u>	<u>FFIS</u>
Total Assets	\$21,309	\$683
Gross Loans	13,161	366
Total Deposits	18,018	669
Tangible Common Equity	1,834	(6)
Tang. Comm. Equity / Tang. Assets	8.65%	(0.90%)

Notes:
 Dollars in millions; financial data as of June 30, 2013
¹Excludes terminated transactions and self-advisory roles
 Source: SNL Financial

Pro Forma Branch Map



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