

CAPITAL MARKETS ANNOUNCEMENT

Four Oaks Fincorp, Inc. (OTCBB: FOFN; Four Oaks, NC) Announces Completion of \$24.0 Million Private Placement of Common Stock

Sandler O'Neill + Partners L.P. served as sole financial advisor for this offering.

This transaction represents the 91st public offering or private placement of common stock for a bank or thrift since January 1, 2011 for which Sandler O'Neill acted as book-runner, co-manager, placement agent or dealer manager, more than any other investment bank during that period.

About the Offering:

FOUR OAKS, N.C. – August 18, 2014 – Four Oaks Fincorp, Inc. (OTCBB: FOFN) (the "Company"), the holding company for Four Oaks Bank & Trust Company, today announced the conclusion of its previously announced rights offering (the "Rights Offering") and concurrent standby offering to Kenneth R. Lehman (the "Standby Offering"), in which the Company issued an aggregate of 24,000,000 shares of common stock at \$1.00 per share for aggregate gross proceeds of \$24.0 million (the maximum permissible pursuant to the terms of the Rights Offering and Standby Offering). In connection with the Rights Offering, 9,248,464 shares were issued to holders upon exercise of their basic subscription privilege (including 2,625,000 shares issued to Mr. Lehman) and 1,376,536 shares were issued to holders upon exercise of their oversubscription privilege, which was approximately 9.2% of the total number of shares requested pursuant to holders' oversubscription privilege. In connection with the Standby Offering, Mr. Lehman purchased an additional 12,500,000 shares.

Chairman, President and Chief Executive Officer, Ayden R. Lee, Jr., said, "The tremendous success of this rights offering and the associated standby offering reinforces the capital foundation of the Company and builds on the positive trends in our operations and financial results. We greatly appreciate the continued support of our Four Oaks shareholders and remain sharply focused on capitalizing on this positive momentum."

This announcement is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy securities.

About the Company:

Four Oaks Fincorp, Inc. is the holding company for Four Oaks Bank & Trust Company. The Bank provides traditional personal banking services as well as loans for business, agriculture, real estate, personal use, home improvement, and automobiles. Four Oaks operates in eastern and central North Carolina.

Source: SNL Financial

August 18, 2014

Private Placement

\$24.0 Million
Common Equity



Sole Financial Advisor

Financial Highlights

(Dollars in millions)

Total Assets	\$833
Net Loans	\$477
Total Deposits	\$667
Tangible Common Equity	\$27
TCE / TA	3.28%
NPAs / Assets	4.61%
Price / PF TBV per Share	62%

Financial Data as of 6/30/2014

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