

Citizens Bancshares Corporation to Expand its Presence in Myrtle Beach through a Combination with Sandhills Holding Company, Inc.

Company Release – 01/31/2022

OLANTA, S.C. and NORTH MYRTLE BEACH, S.C., January 31, 2022 -- Citizens Bancshares Corporation, the holding company of The Citizens Bank, and Sandhills Holding Company, Inc., the holding company of Sandhills Bank, jointly announced today that they have entered into a definitive merger agreement, pursuant to which Sandhills Holding Company, Inc. and Sandhills Bank will merge with and into Citizens Bancshares Corporation and The Citizens Bank, respectively, in an all-cash transaction.

On a pro forma basis, the combined company is expected to have over \$1 billion in total assets, including more than \$500 million in total loans and nearly \$900 million in total deposits as of December 31, 2021. The transaction will create a 25-office banking company with locations throughout the eastern part of South Carolina. The merger agreement has been unanimously approved by the Board of Directors of both companies. Closing of the transaction, which is expected to occur early during the third quarter of 2022, is subject to customary conditions, including regulatory approval and approval by the shareholders of Sandhills Holding Company, Inc.

“The opportunity for Sandhills Bank to partner with a strong and community-focused bank like The Citizens Bank presents a unique opportunity for our employees and customers. The Citizens Bank shares our relationship-driven philosophy. This merger allows our exceptional team to continue serving our communities while expanding and offering additional resources, all within the model of a true community bank”, said Jim Smith, the President and CEO of Sandhills Bank. Following the closing of the transaction, Smith will join The Citizens Bank’s executive team.

Thomas Bouchette, President of The Citizens Bank, commented, “Sandhills Bank is the perfect partner for The Citizens Bank. We are excited about the expansion opportunity this merger provides in one of the fastest growing markets in the country. We are even more excited about the high level of talented bankers that will join The Citizens Bank family. Combining their ability with the size of our combined institution will provide opportunities to expand their current relationships and handle larger client needs than either of us could do alone. We are committed to providing the extraordinarily high level of customer service that Sandhills Bank has always provided to their customers with expanded banking products and services.”

Citizens Bancshares Corporation was advised in the transaction by Piper Sandler & Co., as financial advisor and Nelson Mullins Riley & Scarborough LLP, as legal counsel. Sandhills Holding Company, Inc. was advised by D.A. Davidson & Co., as financial advisor, and Bryan Cave Leighton Paisner LLP, as legal counsel.

Citizens Bancshares Corporation

Citizens Bancshares Corporation is the holding company for The Citizens Bank. Citizens is focused on providing financial solutions to local businesses and professionals at 21 full-service banking offices located in Florence, Georgetown, Clarendon, Lee, Sumter, Dorchester,

Williamsburg, Darlington, Chesterfield, Horry, and Kershaw counties in South Carolina. Citizens also has a loan production office in Lexington county in South Carolina.

Sandhills Holding Company, Inc.

Sandhills Holding Company, Inc. is the holding company for Sandhills Bank, which currently operates four full-service banking offices located in and around North Myrtle Beach, South Carolina. Sandhills Bank provides a high level of customer service through its dedicated and experienced team of employees, with extensive bank knowledge of the market areas and the communities that it serves.

Cautionary Statement Regarding Forward-Looking Statements

Statements included in this press release, which are not historical in nature are intended to be, and hereby are identified as, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to, statements regarding the outlook and expectations with respect to the planned merger, the strategic and financial benefits of the merger, including the expected impact of the transaction on the combined company's scale and deposit franchise, and the timing of the closing of the transaction. Words such as "believe," "expect," "anticipate," "project," "should," and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence, which could cause actual results to differ materially from anticipated results. Such risks, uncertainties and assumptions, include, among others, the following:

- the failure to obtain necessary regulatory approvals when expected or at all (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction);
- the failure of either company to satisfy any of the other closing conditions to the transaction on a timely basis or at all;
- the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the merger agreement; and
- other factors that may affect future results of either party including changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer borrowing, repayment, investment and deposit practices; changes in general economic conditions, including due to the COVID-19 pandemic; the impact, extent and timing of technological changes; capital management activities; and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

Citizens Bancshares Corporation and Sandhills Holding Company, Inc. undertake no obligation to revise or update publicly any forward-looking statements for any reason.

SOURCE Citizens Bancshares Corporation