



FOR IMMEDIATE RELEASE
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Southern Bank and Heritage Bank to Merge

Southern BancShares (N.C.), Inc. ("Southern"), Mount Olive, North Carolina, and Heritage Bankshares, Inc. ("Heritage"), Norfolk, Virginia, today announced that they have reached a definitive agreement under which Heritage and its bank subsidiary, Heritage Bank, will be merged into Southern and its bank subsidiary, Southern Bank and Trust Company. The joint announcement was made by J. Grey Morgan, Jr., Chairman and CEO of Southern Bank, and Michael S. Ives, President and CEO of Heritage Bank.

Under the terms of the agreement, which is subject to approvals by regulatory agencies and Heritage's shareholders and other customary closing conditions, Southern will pay \$21.05 in cash for each of the outstanding shares of Heritage's common stock, subject to possible adjustment as provided in the agreement. The agreement has been unanimously approved by the boards of directors of both companies, and the transaction is expected to be completed during the first quarter of 2016.

Mr. Morgan said, "This transaction represents an excellent opportunity for us to increase our presence and market share in the area, as Southern Bank currently operates nine banking offices across the Hampton Roads region. We are excited about the opportunity to introduce ourselves to our new neighbors and friends, while continuing the traditions of financial strength, customer service and commitment to excellence to which Heritage Bank's customers are accustomed."

Mr. Ives added, "Southern has a conservative operating philosophy quite similar to ours. Over the years, Southern has maintained a very high level of liquidity and outstanding asset quality in its core bank in North Carolina and has provided thoughtful, individualized service to its business clients. Our merger with Southern will give our clients the comfort of banking with a very conservative, safe and sound bank while enjoying the benefits of a wider range of services and a much higher legal lending limit."

Following the merger, Mr. Ives will serve as a director of Southern BancShares and Southern Bank. He will also serve as a consultant to Southern Bank regarding Heritage Bank's business, operations, customers and loan portfolio and Southern Bank's continued growth and expansion in Hampton Roads.

Both parties expect a smooth transition for bank customers.

Raymond James & Associates, Inc. served as financial advisor and Ward and Smith, PA served as legal counsel to Southern. FIG Partners LLC served as financial advisor and Troutman Sanders LLP served as legal counsel to Heritage and Heritage Bank.

About Heritage

Heritage Bankshares, Inc. is the holding company for Heritage Bank, which was founded in 1977 and operates five banking offices in the Hampton Roads region. Headquartered in Norfolk, Virginia, Heritage Bank has approximately \$340 million in total assets. More information about the bank is available on the Internet at www.heritagebankva.com.

About Southern

Southern BancShares (NC), Inc. is the holding company for Southern Bank and Trust Company, which was founded in 1901 and operates over 60 offices in North Carolina and Virginia. Headquartered in Mount Olive, North Carolina, Southern Bank has approximately \$2.2 billion in total assets. More information about the bank is available on the Internet at www.southernbank.com.

Disclosures About Forward-Looking Statements

The discussions included in this press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially. For the purposes of these discussions, any statements that are not statements of historical fact may be deemed to be forward-looking statements. Such statements are often characterized by the use of qualifying words such as “expects,” “anticipates,” “believes,” “estimates,” “plans,” “projects,” or other statements concerning opinions or judgments of Southern or Heritage and their respective managements about future events. These statements are inherently uncertain, and there can be no assurance that the underlying assumptions will prove to be accurate. The accuracy of such forward-looking statements could be affected by factors including, but not limited to: issues or delays that arise in connection with applications for required regulatory approvals of the merger; the ability of Heritage to obtain the approval of the merger by its shareholders; delays in consummating the merger; and unexpected difficulties or expenses in consolidating Heritage's operations into those of Southern. Southern and Heritage undertake no obligation to revise or update these statements following the date of this press release. Readers are cautioned not to place undue reliance on any forward-looking statement, which speak only as of the date of this press release.

Additional Information About the Merger and Where to Find It

In connection with the proposed merger, Heritage will distribute a proxy statement to its shareholders in connection with a special meeting of shareholders to be held for the purpose of voting on approval of the merger and related matters.

BEFORE MAKING ANY VOTING OR INVESTMENT DECISIONS REGARDING THE PROPOSED TRANSACTION, INVESTORS AND SHAREHOLDERS OF HERITAGE ARE URGED TO READ THE PROXY STATEMENT AND ITS EXHIBITS BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT HERITAGE, SOUTHERN AND THE PROPOSED TRANSACTION.

Investors and shareholders may obtain free copies of these documents when they are available by directing a request by telephone or mail to Heritage Bankshares, Inc., 150 Granby Street, Suite 150, Norfolk, Virginia 23510, Attention: Anne F. Vanderberry (telephone: (757) 648-1700).

Heritage and its directors and executive officers may be deemed to be participants in the solicitation of proxies from the shareholders of Heritage in connection with the merger. Information about the directors and executive officers of Heritage is set forth in the proxy statement for Heritage's 2015 annual meeting of shareholders. Additional information regarding the interests of these participants and other persons who may be deemed participants in the proxy solicitation may be obtained by reading the proxy statement when it becomes available.