

Poage Bankshares, Inc. (NASDAQ: PBSK; Ashland, KY) has agreed to merge with City Holding Company (NASDAQ: CHCO; Charleston, WV)

Deal Value: \$93.5 Million

Sandler O'Neill served as financial advisor and provided a fairness opinion to Poage Bankshares, Inc. This transaction represents Sandler O'Neill's 182nd bank or thrift transaction nationwide since January 1, 2015, representing \$56.4 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 35 bank or thrift transaction in the Midwest region for an aggregate transaction value of \$18.9 billion, more than any other investment bank during that time period.¹

CHARLESTON, WV and ASHLAND, KY – City Holding Company (“City”) (Nasdaq: CHCO), the parent company of City National Bank of West Virginia, announced today the signing of a definitive merger agreement pursuant to which City will acquire Poage Bankshares, Inc., (“Poage”) (Nasdaq: PBSK), the parent company of Town Square Bank. Upon completion of the merger, Town Square Bank will merge into City National Bank of West Virginia.

Based upon financial data as of March 31, 2018, the combined company will have \$4.7 billion in assets, deposits of \$3.8 billion, and gross loans of \$3.5 billion, bolstering City's presence in the Huntington-Ashland and Lexington, Kentucky MSAs.

Subject to the terms of the merger agreement, Poage shareholders will receive 0.335 shares of City common stock for each outstanding share of Poage common stock. Based on City's five-day average closing price of \$78.43 as of July 10, 2018, this equates to a per share value of \$26.27 and an aggregate deal value of \$93.5 million. Upon completion of the merger, Bruce VanHorn, President, Chief Executive Officer & Director of Poage, will enter into an employment agreement with City.

Mr. VanHorn stated, “Joining City is a defining moment for our company, shareholders and customers. Our shared experience in operating in overlapping markets makes me confident that this will be a seamless transition for our employees and customer base while providing long-term value for our shareholders. City is a great franchise, and I look forward to the years ahead for our combined company.”

The Poage board of directors has unanimously approved the merger agreement. This transaction is expected to close in the fourth quarter of 2018, pending customary closing conditions, including receipt of required regulatory approvals and the approval by the shareholders of Poage.

Financial Highlights

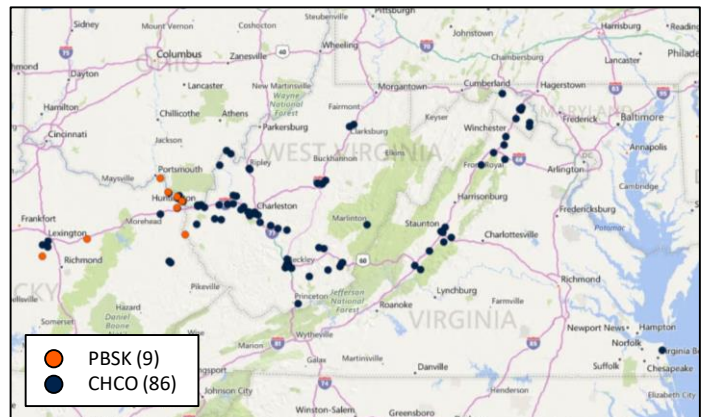
<i>(Dollars in millions)</i>	CHCO	PBSK
Total Assets	\$4,200	\$450
Total Net Loans	\$3,119	\$328
Total Deposits	\$3,447	\$375
Total Shareholder's Equity	\$492	\$61
TCE / TA	10.03%	13.05%

(1) Includes majority and minority transactions; Excludes terminated transactions and self-advisory roles

Note: Financial data as of March 31, 2018

Source: S&P Global Market Intelligence

Pro Forma Branch Map



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