

**Cherokee Banking Company (OTCQB: CHKJ; Canton, GA) has agreed to merge with Hamilton State Bancshares, Inc. (OTCQB: HMBH; Hoschton, GA)**

**Deal Value: \$8.5 Million**

Sandler O'Neill served as financial advisor and provided a fairness opinion to Cherokee Banking Company in this transaction. This transaction represents Sandler O'Neill's 92<sup>nd</sup> 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.<sup>1</sup>

This transaction represents the 1<sup>st</sup> unassisted merger of a Georgia headquartered bank in 2013 and the 4<sup>th</sup> since January 1, 2009.<sup>2</sup>

Hamilton State Bancshares, Inc. announced today it has entered into a definitive merger agreement with Cherokee Banking Company after receiving approval from the Boards of Directors of both companies. The combined bank will operate under the name Hamilton State Bank.

Hamilton has agreed to pay \$4 per share in cash for Cherokee's 2,131,639 shares of issued and outstanding common stock. Pending receipt of all necessary regulatory and other approvals, including the approval of Cherokee Banking Company's shareholders, and customary closing conditions, the transaction is expected to be completed in the first quarter of 2014.

## Financial Highlights

	CHKJ	HMBH
Total Assets	\$168	\$1,642
Net Loans	\$105	\$711
Deposits	\$150	\$1,332
Equity	\$8.5	\$270.5
TCE/TA (%)	5.03%	15.70%
NPAs / Assets (%)	4.58%	4.33%

**Notes:**

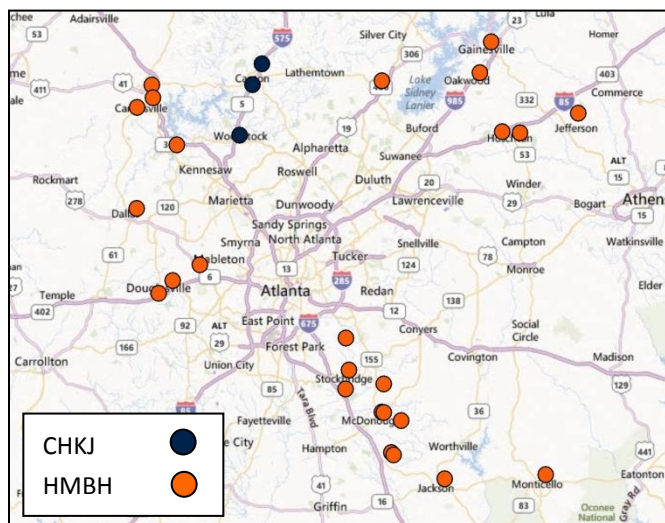
Dollars in millions; financial data as of June 30, 2013

<sup>1</sup>Excludes terminated transactions and self-advisory roles; does not combine the results of advisors which have merged until the date such merger was completed

<sup>2</sup>Excludes transactions in which the buyer was an investor group

Source: SNL Financial

## Pro Forma Branch Network



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