First Security Group, Inc. (NASDAQ: FSGI; Chattanooga, TN) has agreed to merge with Atlantic Capital Bancshares, Inc. (Private; Atlanta, GA)

Deal Value: Approximately $160 Million

Sandler O'Neill served as financial advisor and rendered a fairness opinion to First Security Group, Inc. in connection with the transaction. This transaction represents Sandler O'Neill's 70th bank or thrift transaction nationwide since January 1, 2014 representing $13.2 billion in aggregate transaction value, more than any other investment bank during that time period.[1]

Additionally, Sandler O'Neill served as financial advisor to Atlantic Capital in connection with its October 2006 initial private capital raise of $120 million and acted as lead placement agent and financial advisor for First Security's April 2013 $91 million recapitalization and non-performing asset disposition.

Since January 1, 2014, Sandler O'Neill has advised on 21 Southeast bank or thrift transactions with an aggregate deal value of approximately $3.5 billion, more than any other investment bank during that time period.[1]

Atlantic Capital Bancshares, Inc. ("Atlantic Capital") and First Security Group, Inc. (NASDAQ: FSGI) ("First Security" or "FSG") jointly announced today the signing of a definitive merger agreement pursuant to which Atlantic Capital will acquire First Security. The transaction has been unanimously approved by the boards of directors of each company.

Under terms of the merger agreement, Atlantic Capital will purchase First Security for total consideration of approximately $160 million, of which, 40 percent will be cash and 60 percent will be Atlantic Capital common stock. FSG shareholders may elect cash equal to $2.35 per share and/or stock based on a fixed exchange ratio of 0.188 shares of Atlantic Capital common stock for each FSG share. Atlantic Capital intends to register its shares with the SEC and seek a listing on NASDAQ concurrent with closing of the transaction.

In conjunction with the merger, Atlantic Capital has signed a stock purchase agreement with funds managed by Stone Point Capital LLC for a $25.0 million private placement of common stock at $12.60 per Atlantic Capital share, which will close upon completion of the merger. The net proceeds of the private placement, combined with existing holding company cash and the issuance of subordinated debt, will be used to fund the cash portion of the merger consideration. Aggregate shares outstanding following the merger and private placement are expected to be approximately 23 million.

Douglas L. Williams, Chief Executive Officer of Atlantic Capital, will be CEO of the combined entity, with D. Michael Kramer, Chief Executive Officer of First Security, serving as President and Chief Operating Officer. Both will serve on the board of directors, which will be chaired by current Atlantic Capital Chairman Walter M. Deriso, Jr.

The transaction is expected to close late in the third quarter or early in the fourth quarter of 2015 and is subject to Atlantic Capital and First Security stockholder approval, regulatory approval and other conditions set forth in the merger agreement.

Financial Highlights

	FSGI	Atlantic Capital
Total Assets	$1,070	$1,315
Net Loans	$727	$1,028
Deposits	$906	$1,106
Equity	$90	$141
TCE/TA	8.40%	10.71%

Notes:
Dollars in millions; financial data as of December 31, 2014
[1]Source: SNL Financial; excludes terminated transactions and self-advisory roles

Pro Forma Branch Network

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