

Hamilton State Bancshares, Inc. (Hoschton, GA) has agreed to acquire Highland Financial Services, Inc. (Marietta, GA)

Deal Value: Not Disclosed

Sandler O'Neill served as financial advisor to Hamilton State Bancshares, Inc. in connection with the transaction. This transaction represents Sandler O'Neill's 77th bank or thrift transaction nationwide since January 1, 2014 representing \$13.6 billion in aggregate transaction value, more than any other investment bank during that time period.¹

Since January 1, 2014, Sandler O'Neill has advised on 25 Southeast bank or thrift transactions with an aggregate deal value of approximately \$3.8 billion, more than any other investment bank during that time period.¹

Hamilton State Bancshares, Inc. ("Hamilton") announced today it has entered into a definitive merger agreement with Highland Financial Services, Inc. ("Highland") after receiving unanimous approval from the Boards of Directors of each company. The combined subsidiary banks will operate under the name Hamilton State Bank.

Highland is headquartered in Marietta, Georgia, with approximately \$130 million in total assets and approximately \$110 million in deposits. Highland also has a branch location in Smyrna, Georgia.

Pending receipt of all necessary regulatory and Highland shareholder approvals, the transaction is expected to be completed in the fourth quarter of 2015. Total assets of the combined bank are expected to be over \$1.8 billion, with over \$1.1 billion and over \$1.4 billion in expected loans and deposits, respectively.

With the addition of Highland, Hamilton will operate 28 branches throughout North Georgia. Hamilton State Bank is a full-service bank offering a variety of services to its customers from its offices in Barrow, Bartow, Butts, Cobb, Douglas, Hall, Henry, Forsyth, Jasper, Jackson and Paulding counties in Georgia.

Financial Highlights

	<u>Hamilton</u>	<u>Highland</u>
Total Assets	\$1,717	\$123
Net Loans	\$979	\$82
Deposits	\$1,368	\$110
Equity	\$292	\$14
TCE/TA	16.3%	10.8%

Notes:

Dollars in millions; Financial data as of March 31, 2015

¹Source: SNL Financial; excludes terminated transactions and self-advisory roles

Pro Forma Branch Network



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