Palmetto Bancshares, Inc. (NASDAQ: PLMT; Greenville, SC) has agreed to merge with United Community Banks, Inc. (NASDAQ: UCBI; Blairsville, GA)

## Deal Value: Approximately \$240.5 Million

Sandler O'Neill served as financial advisor and rendered a fairness opinion to Palmetto Bancshares, Inc. in connection with the transaction. This transaction represents Sandler O'Neill's 73<sup>rd</sup> bank or thrift transaction nationwide since January 1, 2014 representing \$13.5 billion in aggregate transaction value, more than any other investment bank during that time period.<sup>1</sup>

Since January 1, 2014, Sandler O'Neill has advised on 22 Southeast bank or thrift transactions with an aggregate deal value of approximately \$3.7 billion, more than any other investment bank during that time period.<sup>1</sup>

United Community Banks, Inc. ("United," NASDAQ: UCBI) the holding company for United Community Bank, and Palmetto Bancshares, Inc. ("Palmetto," NASDAQ: PLMT) the holding company for The Palmetto Bank, jointly announced today the signing of a definitive agreement pursuant to which Palmetto will merge with and into United. The resulting combination is designed to create immediate value for shareholders of both companies. The transaction also fits well with United's geographic expansion strategy of focusing on major southeastern metro markets by enhancing its position in the attractive Greenville and Upstate South Carolina area.

Under the terms of the agreement, which has been unanimously approved by the Boards of Directors of both companies, Palmetto shareholders will have the right to receive \$19.25 in cash or 0.97 shares of United common stock, or any combination thereof, for each share of Palmetto common stock. The cash and stock elections are subject to proration to ensure that 30% of the outstanding shares of Palmetto common stock will be exchanged for cash and 70% of the outstanding shares of Palmetto common stock will be exchanged for shares of United common stock in the merger. Based on United's ten-day average closing price of \$18.78 per share as of April 21, 2015, the weighted-average price per Palmetto share is \$18.53, and the aggregate deal value is approximately \$240.5 million.

Under the proposed terms, the transaction is expected to be immediately accretive to United's fully diluted earnings per share with mid-to-high single digit accretion in 2016 and double-digit accretion in 2017. Return on assets should increase proportionately and the increase in United's pro forma return on tangible common equity is expected to approach 200 basis points. The estimated tangible book value dilution is anticipated to be earned back within five years, including transaction and restructuring costs.

The merger, which is subject to regulatory approval, the approval of the shareholders of Palmetto, and other customary conditions, is expected to close in the fourth quarter of 2015.

	Financial Highlights	
	<u>PLMT</u>	<u>UCBI</u>
Total Assets	\$1,173	\$7,664
Net Loans	\$819	\$4,718
Deposits	\$967	\$6,438
Equity	\$136	\$764
TCE/TA	11.6%	9.6%

## Notes:

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

<sup>1</sup>Source: SNL Financial; excludes terminated transactions and self-advisory roles

## Nashville NORTH CAROLINA Charlotte SOUTH CAROLINA LABAMA GEORGIA Savannah PLMT UCBI

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