

TowneBank (NASDAQ: TOWN; Portsmouth, VA) has agreed to acquire Monarch Financial Holdings, Inc. (NASDAQ: MNRK; Chesapeake, VA)

Deal Value: Approximately \$220.6 million

Sandler O'Neill served as advisor to TowneBank in this transaction. This transaction represents Sandler O'Neill's 61st bank or thrift transaction nationwide since January 1, 2015, representing \$17.5 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, 2014, Sandler O'Neill has advised the Buyer or Seller on every transaction in North Carolina, South Carolina or Virginia with a deal value greater than \$100 million. There have been 11 such transactions with an aggregate deal value over \$3.7 billion.¹

SUFFOLK, Va., Dec. 17, 2015 (GLOBE NEWSWIRE) -- Hampton Roads based TowneBank (NASDAQ:TOWN) and Monarch Financial Holdings, Inc., the parent company of Monarch Bank (NASDAQ:MNRK), today announced the signing of a definitive merger agreement pursuant to which TowneBank will acquire Monarch creating a \$7.3 billion hometown bank serving Hampton Roads, Richmond and Northeastern North Carolina. On a proforma basis, the combined companies will rank No. 1 in deposit market share with 20.64% of the Hampton Roads market and will be the only community bank in the top 50 largest MSAs in the United States with a No. 1 market share ranking.

"Our Towne family is humbled and excited to join hands with our long-time friends at Monarch," said G. Robert Aston, Jr., Chairman and CEO of TowneBank. "Since the founding of our two banks in 1998, our companies have been built around the values of "serving others and enriching lives" while striving to build a great community asset that will help our communities grow and prosper."

"We have known and respected the senior leadership team and employees at Towne Bank for many years and have been impressed by the way they have grown their company into one of the largest and most successful financial institutions in Virginia", stated Brad E. Schwartz, CEO of Monarch. "This combination of the top two performing community banks in the market gives us a dynamic foundation to serve our commercial, mortgage and consumer customers with even greater convenience, expanded product and service offerings, and additional lending capacity. This merger is a great outcome for our company's shareholders and positions us well for sustainable success over the long term."

Based on financials reported on September 30, 2015 the combined companies would have total assets of \$7.3 billion, deposits of \$5.8 billion and loans of \$5.4 billion. Under the terms of the agreement, common shareholders of Monarch will receive 0.8830 shares of TowneBank common stock for each share of Monarch. This implies a deal value per share of \$18.57 or approximately \$220.6 million based on TowneBank's closing stock price of \$21.03 on Wednesday, December 16, 2015.

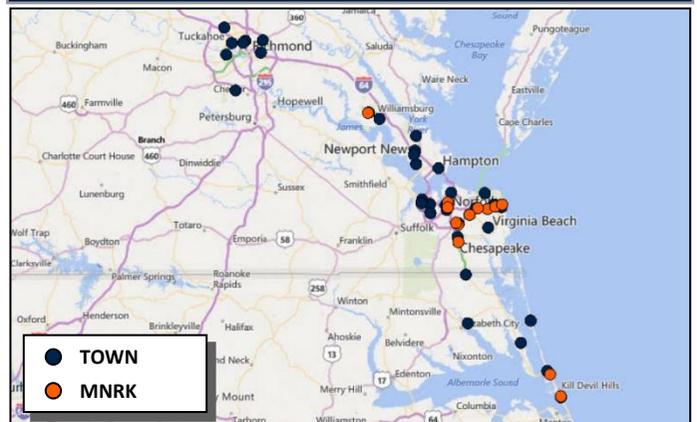
Using a 20-day moving average of TowneBank's closing stock price implies a deal value per share of \$19.25 or \$229 million on an average share price of \$21.81. The share price and total deal value will be determined utilizing the conversion ratio of 0.8830 shares of Monarch common stock for each share of Towne Bank common stock at the merger closing date, expected to be in the second quarter of 2016 subject to shareholder and regulatory approvals. In consideration of the merger, extensive due diligence was performed over a multi-week period. Under the proposed terms, the transaction is expected to be accretive to TowneBank's earnings in 2016 and thereafter. Further it is anticipated that the transaction will be immediately accretive to TowneBank's capital ratios, which already exceed well-capitalized regulatory standards.

Financial Highlights

(\$ in millions)	TOWN	MNRK
Total Assets	\$6,174	\$1,122
Gross Loans	4,466	944
Total Deposits	4,788	962
Total Equity	816	116
TCE/TA	10.53%	10.28%
YTD ROAA	1.18%	1.22%

¹⁾ Source: SNL Financial; excludes terminated transactions and self-advisory roles
Note: Financial data as of September 30, 2015

Pro Forma U.S. Branch Map



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