

Verity Capital Group, Inc. (Private; Winder, GA) has agreed to merge with Community & Southern Holdings, Inc. (Private; Atlanta, GA)

Deal Value: \$27.3 Million

Sandler O'Neill served as financial advisor and provided a fairness opinion to Verity Capital Group in this transaction. This transaction represents Sandler O'Neill's 94th 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.¹

The \$27.3 million deal consideration represents 137% of Verity's tangible book value, the highest such multiple for any bank or thrift transaction in the state of Georgia since March 2008. This transaction represents the 3rd unassisted merger of a Georgia headquartered bank in 2013 and the 6th since January 1, 2009.²

Community & Southern Holdings, Inc. ("C&S Holdings") announced today that it has entered into a definitive agreement and plan of merger with Verity Capital Group, Inc. ("VCG"). According to the terms of the Agreement, C&S Holdings will acquire all of the outstanding common stock of VCG for \$11.80 per share.

VCG operates two banking offices through its wholly-owned banking subsidiary, Verity Bank, in Winder and Cornelia, Georgia. At June 30, 2013, Verity Bank had approximately \$170 million of total assets, \$114 million of loans and \$144 million of deposits.

Upon the closing of the transaction, Verity Bank will merge into CSB. Completion of the transaction is subject to certain closing conditions, including customary regulatory approvals and the approval of the shareholders of VCG. The transaction is expected to close during the fourth quarter of 2013.

Financial Highlights

| | <u>Verity</u> | <u>C&S</u> |
|-------------------|---------------|----------------|
| Total Assets | \$169 | \$2,572 |
| Net Loans | \$112 | \$1,594 |
| Deposits | \$144 | \$1,988 |
| Equity | \$20.0 | \$416.9 |
| TCE/TA (%) | 11.79% | 15.60% |
| NPAs / Assets (%) | 1.11% | 3.42% |

Notes:

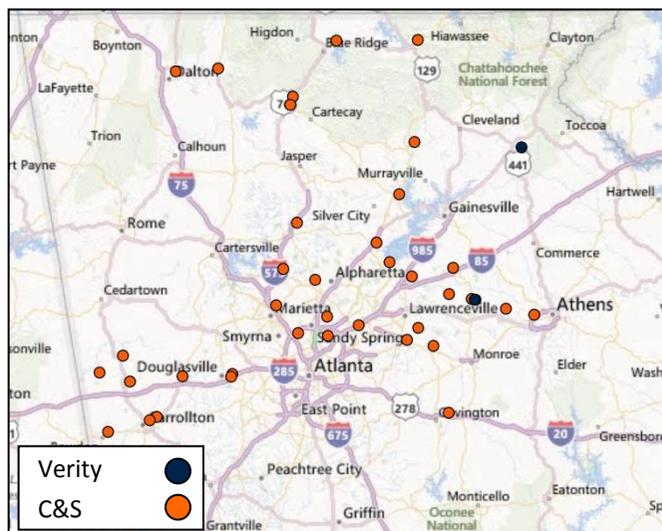
Dollars in millions; financial data as of June 30, 2013

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

²Excludes transactions in which the buyer was an investor group

Source: SNL Financial

Pro Forma Branch Network



Sandler O'Neill Contacts:

3424 Peachtree Road NE, Suite 2050
Atlanta, GA 30326

Kevin O'Keefe
Principal
(404) 442-2870

Andy Mutch
Associate
(404) 442-2879

Michael Thaden
Analyst
(404) 442-2890