

M&A Transaction Announcement

Southern Community Bank Agrees to Merge with SmartBank



Transaction Profile

Advised Seller



Has agreed to be acquired by



The undersigned served as exclusive financial advisor to

Tennessee Bancshares Inc., parent of
Southern Community Bank



December 12, 2017

Olsen Palmer is pleased to announce that SmartFinancial, Inc. ("SmartFinancial", NASDAQ: SMBK), parent company of SmartBank, and Tennessee Bancshares, Inc. ("TBI"), parent company of Southern Community Bank, have signed a definitive merger agreement pursuant to which SmartFinancial will acquire TBI and its subsidiary Southern Community Bank.

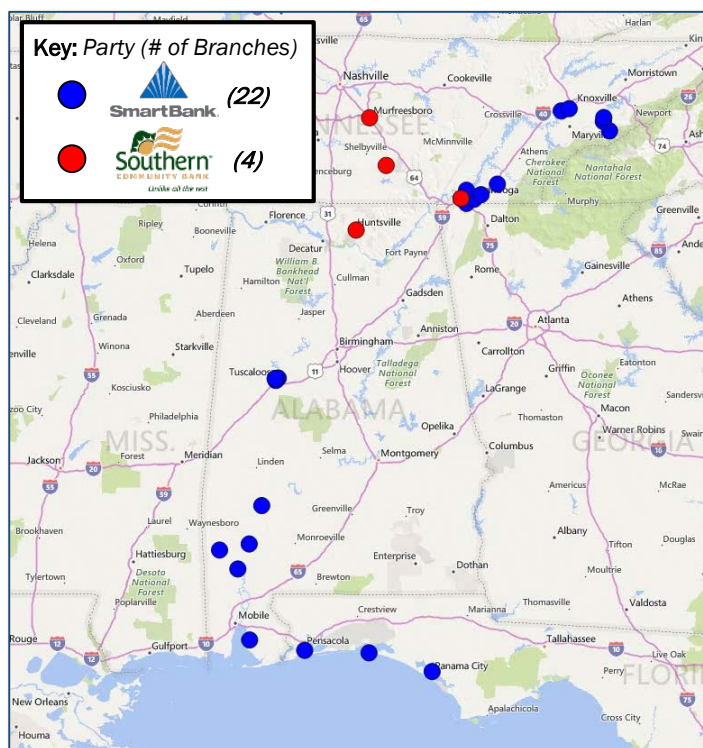
Under the terms of the merger agreement, each share of TBI common stock will be exchanged for 0.8065 shares of SmartFinancial common stock, equal to \$31.8 million based on SmartFinancial's recent closing price. Additionally, subject to satisfaction of certain conditions, TBI may pay a one-time special cash dividend of up to \$0.70 per common share (approximately \$1.3 million in the aggregate), immediately prior to closing.

Following the merger, TBI CEO Bill Yoder will assume the role of Chief Banking Officer for SmartBank and Clifton Miller will join the SmartFinancial and SmartBank boards of directors.

The transaction, which is subject to TBI shareholder approval and the receipt of all necessary regulatory approvals, is expected to be completed in the 2nd quarter of 2018.

Olsen Palmer LLC served as financial adviser and issued a Fairness Opinion to the parent of Southern Community Bank.

Branch Footprint



Transaction Summary and Valuation Multiples

Transaction Date	December 12, 2017
Anticipated Closing Date	Q2 2018
Aggregate Consideration Value	\$33.1 million
Form of Consideration	100% Stock + Special Dividend
Price / Tangible Common Equity	1.60x
Price / LTM Net Income	15.4x
Price as % of Seller Assets	13.1%
Premium / Core Deposits	5.6%

Financial and Operating Summary

	SmartBank	Southern Community Bank
Location	Knoxville, TN	Tullahoma, TN
Year Established	2007	2005
CEO	Billy Carroll Jr.	Bill Yoder
Branches	22	4
FTE	245	44
Assets (\$mm)	\$1,131.4	\$243.9
ROAA (LTM)	0.75%	0.94%
Efficiency Ratio (LTM)	71.5%	58.9%
NPAs / Assets	0.37%	0.59%

Note: Financial data as of Q3 2017. SMBK does not include acquisition of Capstone Bancshares, Inc. Deal value and pricing multiples based on TBI parent financials as of Q2 2017 and reflect stock consideration + special dividend. Source: Company filings, SNL Financial



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M&A Advisory Expertise

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Recent M&A Advisory Assignments

Advised Seller



Unlike all the rest

Has agreed to be acquired by



SmartBank

December 12, 2017

Advised Seller



Has agreed to be acquired by

MFB Acquisition Corporation

December 8, 2017

Advised Seller




Has agreed to be acquired by




CENTENNIAL BANK

September 20, 2017


Advised Seller



&




Have been acquired by




FirstBank

July 31, 2017

Advised Seller



Has been acquired by



Simmons Bank

May 15, 2017

Advised Seller



Has agreed to merge with



First Mutual Holding Co.

May 11, 2017

Advised Seller




Has been acquired by




Citizens BANK

December 2, 2016

Advised Acquirer




Has acquired 3 branches from




Atlantic Capital

May 13, 2016

Advised Acquirer



Has acquired 4 branches from



Atlantic Capital

April 1, 2016

Advised Seller




Has been acquired by


F&M Bancorp, Inc.

November 6, 2015

Advised Acquirer




Has acquired




IB Independent Bankers Bank

September 25, 2015

Advised Seller




Has been acquired by




Hamilton Bank

September 11, 2015

Advised Acquirer




Has acquired



Newton County Bank


August 31, 2015

Advised Acquirer



Where Business Is Personal.™


Has acquired



DeSoto Bank


April 30, 2015

Advised Seller



SINCE 1889


Has been acquired by




CITIZENS BANK

March 6, 2015

Advised Acquirer



Has acquired



SOUTHERN HERITAGE BANK

October 1, 2014

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Olsen Palmer LLC is a nationally-recognized independent investment banking firm that exclusively advises financial institutions across Mergers & Acquisitions.

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Specializing in buy-side M&A advisory, sell-side M&A advisory, valuations, fairness opinions, branch acquisitions and divestitures, and Board-level assessments of strategic options.

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