

CCF Holding Company, Heritage Bancorporation, Inc. and Providence Bank Announce Business Combination Agreement

JONESBORO, Ga. & HINESVILLE, Ga. & ALPHARETTA, Ga.--(BUSINESS WIRE)-- CCF Holding Company (OTCQX: CCFH) (“CCF”), Heritage Bancorporation, Inc. (“HBI”) and Providence Bank (“Providence”) jointly announced today the signing of a definitive agreement pursuant to which HBI will merge with and into CCF and a wholly-owned subsidiary of CCF will merge with and into Providence in an all-stock transaction. Following the closing of this transaction, Providence and the subsidiary banks of each of CCF and HBI will each be a wholly-owned subsidiary of CCF. The banks will maintain their existing names, executive management teams and boards of directors. This combination of three community banks under one holding company will create a growth-oriented banking franchise, with branches in Georgia and northeast Florida. As of September 30, 2018 and excluding purchase accounting, the consolidated holding company has pro forma total assets of approximately \$1.1 billion, gross loans of approximately \$793 million, and deposits of approximately \$978 million.

This press release features multimedia. View the full release here:

<https://www.businesswire.com/news/home/20181220005987/en/>

Upon completion of the transaction, Leonard A. Moreland, President and Chief Executive Officer of CCF, will continue as the Chief Executive Officer of the surviving holding company, which plans to change its name to Heritage Southeast Bancorporation, Inc. (“HSBI”). Brian Smith will serve as President and Chief Operating Officer of HSBI, and Brad Serff will serve as Executive Vice President of HSBI. Following the completion of the transaction, the board of directors of HSBI will consist of Kenneth R. Lehman, who is anticipated to serve as chairman, two individuals designated by each of CCF, HBI and Providence, and two additional independent directors, one of whom is anticipated to be John Presley.

“We are very excited about the proposed business combination and the opportunities this combination will create for our companies,” said Moreland. “This partnership not only creates a dynamic and diverse banking franchise to better serve the needs of our customers, but it also creates value and optionality for our shareholders.”

“The combination of these three banks under a single holding company will create a banking franchise with the scale, diversity of product offerings and market presence to expand into new markets and customer segments,” noted Brian Smith, President and Chief Executive Officer of HBI. “Together we will realize benefits it would have taken us years to accomplish independently.”

“The combined entity will offer diverse business lines, product offerings, market dynamics and complementary balance sheets with a shared ‘customer first’ corporate culture,” said Brad Serff, President and Chief Executive Officer of Providence.

Subject to the terms of the business combination agreement, HBI shareholders will receive 0.9504 shares of CCF common stock for each outstanding share of HBI common stock and Providence shareholders will receive 0.1225 shares of CCF common stock for each outstanding share of Providence common stock. Each outstanding option to purchase shares of HBI common stock or Providence common stock will be assumed by CCF and become an option to purchase shares of CCF common stock, with the exercise price and number of shares underlying the option adjusted to reflect the respective exchange ratios. Based on CCF's closing stock price of \$25.51 as of December 19, 2018, this equates to a per share value of \$24.24 for HBI shareholders and \$3.12 for Providence shareholders and an aggregate transaction value of approximately \$105 million. Based on the exchange ratios above, the current equityholders of CCF will own approximately 44% of the consolidated entity, and the current shareholders of HBI and Providence will own approximately 49% and 7%, respectively.

The transaction is expected to offer shareholders several benefits of a larger, more diversified and scalable company, including increased liquidity in their shares, and the ability to provide capital flexibility and efficiency for each bank subsidiary. Additionally, the existing customer bases of each bank subsidiary will benefit from increased product offerings and lending capacity, and will have access to more resources.

The business combination agreement has been approved by the board of directors of each of CCF, HBI and Providence. Completion of the transaction is subject to customary closing conditions, including receipt of required regulatory approvals and the approval by the shareholders of each of CCF, HBI and Providence. The transaction is expected to close in the 3rd quarter of 2019.

Sandler O'Neill + Partners, L.P. acted as an independent financial advisor to the special committees of the boards of directors of each of the parties in connection with the business combination and worked with the companies to establish the relative ownership of each party's shareholders in HSBI. FIG Partners provided a fairness opinion and Nelson Mullins Riley and Scarborough LLP served as legal counsel to CCF in the transaction. The Burke Group, LLC provided a fairness opinion and Bryan Cave Leighton Paisner LLP served as legal counsel to HBI in the transaction. Hovde Group, LLC provided a fairness opinion and Bryan Cave Leighton Paisner LLP served as legal counsel to Providence in the transaction.

About CCF Holding Company

CCF serves as the holding company for Heritage Bank, a Georgia state-chartered bank headquartered in Jonesboro, GA in metropolitan Atlanta's Southern Crescent. With over \$500 million in assets, the bank provides a well-rounded offering of commercial and consumer products through its six full-service offices. CCF's stock is traded on the OTCQX Best Market under the symbol "OTCQX: CCFH." For additional information, contact Leonard A. Moreland (CEO) or Mary Jo Jester (CFO) at 770-478-8881.

About Heritage Bancorporation, Inc.

HBI serves as the holding company for The Heritage Bank, a Georgia state-chartered bank headquartered in Hinesville, GA, which has offices throughout Southeastern Georgia and Northeastern Florida. With over \$530 million in assets, the bank is a low-cost core deposit franchise. For additional information, contact Brian L. Smith (CEO) or Phil Resch (CFO) at 1-800-624-6452.

About Providence Bank

Providence Bank is a Georgia state-chartered bank headquartered in Alpharetta, GA. With over \$80 million in assets, the bank offers a wide array of banking solutions that include consumer, commercial and real estate loans and lines of credit as well as personal and business deposit products. For additional information, contact Bradley P. Serff (CEO) at 678-624-2265.

Forward Looking Statements:

This press release contains forward-looking statements. These forward-looking statements include, but are not limited to, statements about the benefits of the proposed business combination of CCF, HBI and Providence, including future financial and operating results (including the anticipated impact of each of the transactions on earnings and tangible book value), statements related to the expected timing of the completion of the business combination, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Forward-looking statements may be identified by terminology such as "may," "will," "should," "scheduled," "plans," "intends," "anticipates," "expects," "believes," "estimates," "potential," or "continue" or negatives of such terms or other comparable terminology. All forward-looking statements in this press release, or in any other written or oral communication that relates to the proposed combination of CCF, HBI and Providence or to matters that may affect such proposed combination are subject to risks, uncertainties and other factors that may cause the actual results, performance or achievements of HSBI, or of CCF, HBI or Providence to differ materially from any results expressed or implied by such forward-looking statements. Such factors include, among others, (1) the risk that the cost savings and any revenue synergies from the business

combination may not be realized or take longer than anticipated to be realized, (2) disruption from the business combination with customers, suppliers, employees or other business partners, (3) the occurrence of any event, change or other circumstances that could give rise to the termination of the business combination agreement, (4) the risk of unsuccessful integration of HBI's or Providence's business into the business of CCF, (5) the failure to obtain the necessary approvals by the shareholders of CCF, HBI or Providence, (6) the amount of the costs, fees, expenses and charges related to the business combination or any subsequent mergers of the HSBI subsidiaries, (7) the ability by the parties to obtain required governmental approvals of the business combination agreement or of any subsequent mergers of the HSBI subsidiaries, (8) reputational risk and the reaction of each company's customers, suppliers, employees or other business partners to the business combination, (9) the failure of the closing conditions in the business combination agreement to be satisfied, or any unexpected delay in closing the business combination, (10) the risk that the integration of HBI's or Providence's operations into the operations of CCF will not occur, will be materially delayed or will be more costly or difficult than expected, (11) the possibility that the business combination will be more expensive to complete than anticipated, including as a result of unexpected factors or events, (12) the dilution caused by CCF's issuance of additional shares of its common stock in the transaction, (13) general competitive, economic, political and market conditions.

Each of CCF, HBI and Providence disclaim any obligation to update or revise any forward-looking statements contained in this communication (which statements speak only as of the date hereof), or in any other written or oral communication that relates to the proposed combination of CCF, HBI and Providence or to matters that may affect such proposed combination, whether as a result of new information, future events or otherwise.

Additional Information About the Business Combination

CCF intends to file with the Secretary of State of Georgia, as the Commissioner of Securities of the State of Georgia (the "GA Securities Commissioner"), an application under Section 10-5-11(9) of the Georgia Uniform Securities Act of 2008 requesting the issuance of an order on the fairness of the terms and conditions of the proposed transaction. In connection therewith, the shareholders of HBI and Providence will receive notice of and be entitled to attend a hearing before the GA Securities Commissioner. Following the hearing and the issuance of an order by the GA Securities Commissioner, proxy statements containing the order and other important information about the proposed transaction, CCF, HBI and Providence will be mailed to the shareholders of CCF, HBI and Providence. The shareholders of CCF, HBI and Providence are urged to read their respective proxy statement, which will include the business combination agreement, and other related documents (including any amendments or supplements), carefully when they become available. For additional information please visit www.hsbinc.org.

View source version on [businesswire.com](https://www.businesswire.com/news/home/20181220005987/en/): <https://www.businesswire.com/news/home/20181220005987/en/>

CCF Holding Company

Leonard A. Moreland (CEO), 770-478-8881

Mary Jo Jester (CFO), 770-478-8881

Heritage Bancorporation, Inc.

Brian L. Smith (CEO), 1-800-624-6452

Phil Resch (CFO), 1-800-624-6452

Providence Bank

Bradley P. Serff (CEO), 678-624-2265

Source: CCF Holding Company