



## **Merchants & Farmers Bancshares, Inc. Announces Signing of a Definitive Agreement to Acquire Vernon Bancshares, Inc.**

LEESVILLE, LA, January 15, 2015 – Merchants & Farmers Bancshares, Inc. (“M&F Bancshares”), holding company for Merchants & Farmers Bank and Trust Company, (“M&F Bank”) announced today the signing of a definitive merger agreement, under which M&F Bancshares has agreed to acquire Vernon Bancshares, Inc. (“VBI”). The terms of the agreement were not disclosed.

Upon completion of the transaction, the combined company will have approximately \$400 million in total assets, \$320 million in total deposits, and \$209 million in total loans. The merger agreement has been approved by the Board of Directors of each company. Closing of the transaction, which is expected to occur in the second or third quarters of 2015, is subject to customary conditions, including regulatory approval and approval by the shareholders of VBI.

Ken Hughes, President & Chief Executive Officer of M&F Bank, commented, “We are excited to have The Vernon Bank join our team and help increase our market presence in the area. We believe it is a great fit of two community based banks focused on providing outstanding service. We believe this merger will offer significant opportunities to better serve our customers.”

Claude “Buddy” Leach, Chairman of the Board of Directors of the Merchants & Farmers Bank issued the following statement. “On behalf of the Board of Directors, the officers, employees and the shareholders of the Merchants & Farmers Bank, I want to express our appreciation to the Vernon Bank for allowing our home owned community bank to continue providing the quality service for the citizens of Vernon Parish. Also, speaking for the Board of Directors, I want to acknowledge the diligent work of our president, Mr. Ken Hughes in bringing about this merger.”

Kirk Pellerin, President of The Vernon Bank, commented, “This transaction unites two locally-owned banks that have served Vernon Parish for many years. Our board and management team look forward to a bright future for the combined bank and our communities.”

George “Doug” Brandon, Chairman of the Board of Directors, Vernon Bank, issued the following statement: “On behalf of The Vernon Bank Board of Directors, we trust that the employees and customers of The Vernon Bank will be best served by a locally owned institution that will be much stronger with the combined assets of both institutions.”

Performance Trust Capital Partners, LLC, with Jonathan W. Briggs as lead investment banker, acted as financial advisor to M&F Bancshares, and Jones Walker LLP, with lead attorneys Ron Snider and Rob Carothers, acted as its legal advisors. National Capital, L.L.C., with T. Jefferson Fair as lead investment banker, acted as financial advisor to VBI. Fenimore, Kay, Harrison & Ford, with lead attorneys Zonnie Breckinridge and Lowell Harrison, acted as VBI’s legal advisors.