Shareholder Value Drivers

Consumer Bankers Association Executive Banking School

July 26, 2019

Jeff K. Davis, CFA
Managing Director
1.615.345.0350
jeffdavis@mercercapital.com

MERCER CAPITAL

What's the Bank Worth?

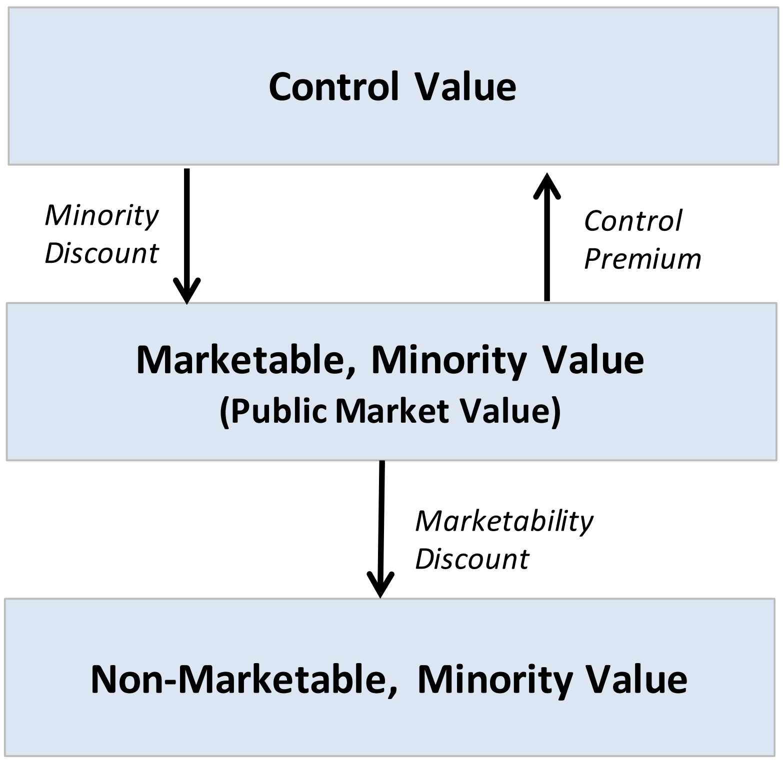
CBA Outline

1. Valuation Framework
2. Concept of Earning Power
3. Reconciling P/TBV and P/E
4. Intrinsic Value vs Franchise Value
5. How Institutional Investors View Value
6. Great Stock vs Great Company
7. Overview of the Market for Bank Stocks and Bank M&A

Section 1

Valuation Framework

Valuation Perspective

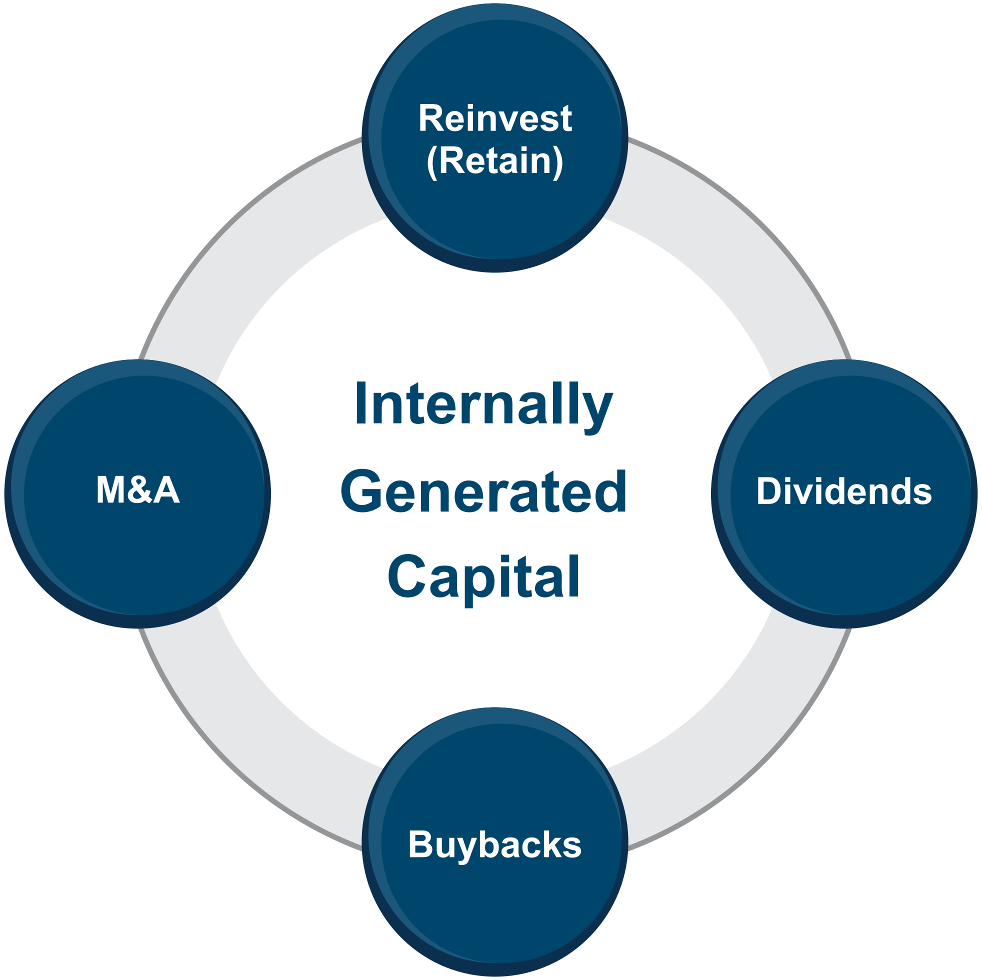


Control premiums (or minority interest discounts from the control price) tend to be heavily influenced by buyer synergies or buyer financing structures (e.g., stock swap using a high multiple stock, or the amount of debt financing available)

Marketability discounts tend to be inversely related to (a) # of shareholders; (b) IPO potential; (c) M&A potential; (d) absence of shareholder agreements; (e) dividends and buyback activity

Capital Allocation

Returns on investments (including M&A) should exceed the bank's cost of capital



Value = PV of Future Cash Flows

$$\text{Value = PV of Sum of Cash Flows} = \frac{CF1}{R^n} + \frac{CF2}{R^n} + \frac{CF3}{R^n} + \frac{CF4}{R^n} + \ldots$$

CF = Cash Flow (year 1) ....

R = Equity Discount Rate

n = Number of years cash flows are discounted to the present value

$$\text{Shortcut to PV (if growth is constant)} = \frac{\text{Cash Flow (next year)}}{R - G}$$

G = Growth rate of cash flows

R - G = Capitalization Rate

1 / Cap Rate = Capitalization Factor (Earnings or CF Multiple)

$$\text{Same Concept as Valuing CRE} = \frac{\text{Net Operating Income}}{\text{Cap Rate}}$$

Wall Street ....

Growth!

Accelerating Growth!!

Measuring Risk

There is no return without risk

Risk is harder to measure than historical or even prospective growth

There are many permutations that investors will consider to calibrate a reasonable valuation (or range)

- Amount of capital and capital structure
- Type of credits
- Hold positions
- Liquidity / source of funding
- M&A execution
- Key man/woman dependency
- Data integrity
- Customer concentration (not typical for banks)

Why Risk and Growth Matter

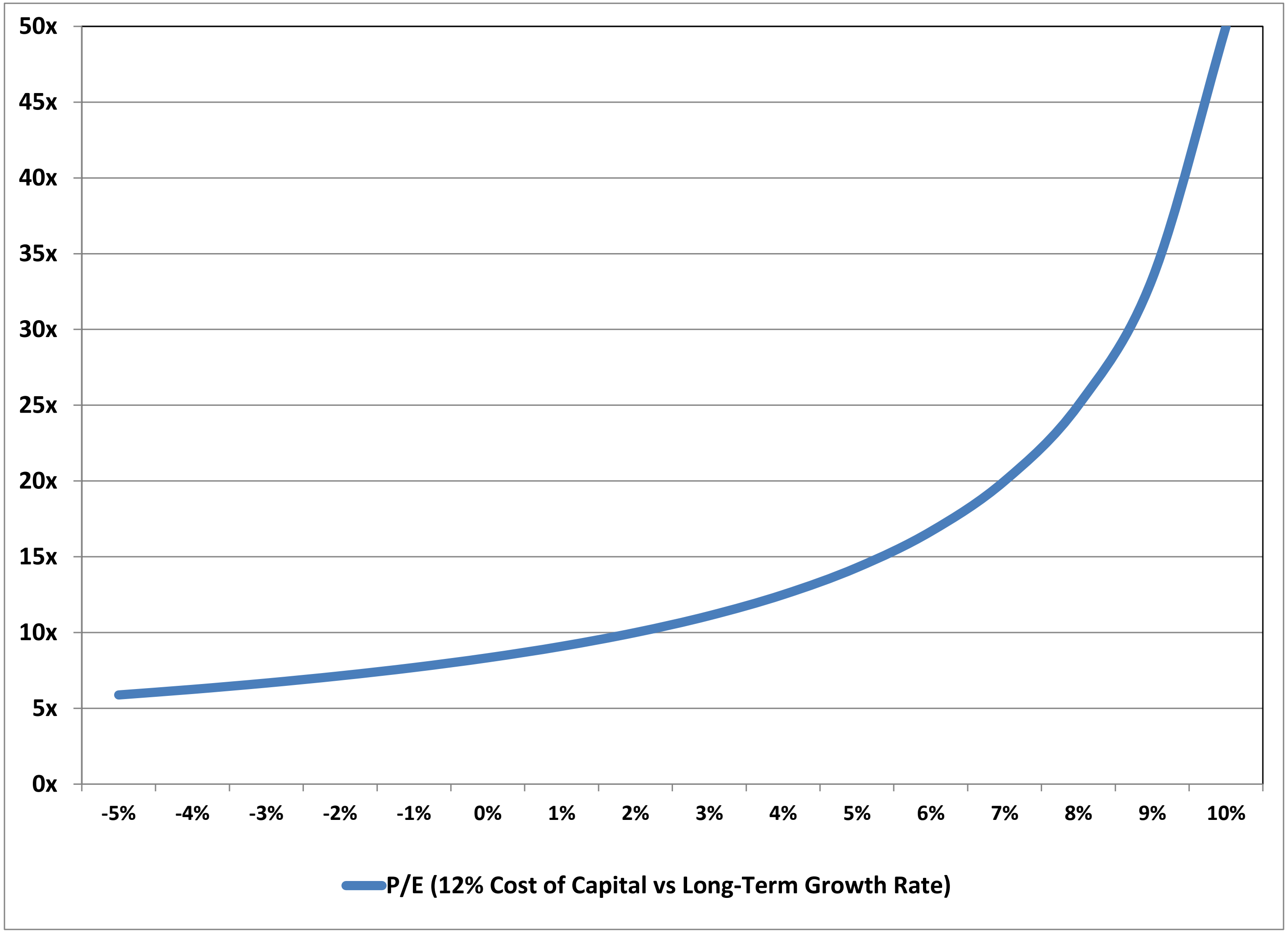
+ Yield to Maturity on 10 Yr UST		2.00%
+ Equity Premium	5.50%	
x Company Beta	1.20	
=Beta Adj Equity Premium		6.60%
+ Small-Mid Cap Equity Premium		2.15%
+ Company Specific Risks		***1.25%***
= Discount Rate (Equity Cost of Capital)		**12.00%**
- Long-Term Growth Rate (G)		***-5.00%***
= Capitalization Rate		7.00%
= Multiple (1 / Cap Rate)		**14.3x**
Ongoing Earning Power Estimate		$100,000
x Price/Earnings Ratio		14.3x
= Capitalized Earnings Value		$1,430,000

Multiples are negatively correlated with risk …
higher risk = ↓ P/E

Multiples are positively correlated with growth …
higher G = ↑ P/E

Growth matters a lot to value, but so does risk

P/E Increases with Growth



Valuation Methods

Value as an independent company

- Discounted Cash Flow (DCF) of projected future cash flow and terminal value discounted at a risk appropriate rate (12-15%)
- Public market comps
- Transactions in the subject's stock and (sometimes) net asset value

Acquisition value

- DCF with expense savings (and deal costs)
- M&A comp transactions
- Contribution analysis

Buyer dynamics

- Internal rate of return projected vs. hurdle rate
- EPS accretion vs. TBVPS dilution and earn-back period
- Strength of the buyer's currency (how richly valued?)
- Excess capital and/or access to the capital markets to fund cash portion

Section 2

Reconciling P/TBV and P/E

Rule of Thumb

Every industry has a rule-of-thumb for valuation and a preferred valuation metric; most only indirectly speak to economics

Banking's metric is tangible (common) equity and the most widely quoted metric is P/TBV

Business model entails leveraging capital ~ 9-10x with deposits and other borrowings to fund loans, the bond portfolio, etc. and thereby produce an earnings stream (ROE)

But, equity per se is not the point; it is the base of the business model – what matters is the a) earnings stream; b) the risk profile of the business to produce the earnings; and c) expected growth over time

Management should focus on ROE before EPS growth via organic means (vs buybacks) but many focus on growth first

High Level Math

P/TBV = ROE (ROTE) x P/E

ROE = ROA x **Leverage** … or

ROE = (Income / Assets) x (Assets / Equity)

P/E = **Risk Profile** and **Growth Expectations**

Bank investors toggle between what is top of mind depending in part where we are in the economic/credit cycle

P/E and P/TBV Perspective

P/E

Consider P/E both in context of current earnings and earning power

P/Es vary within the industry

Low P/Es reflect riskier biz models, limited growth or lower quality earnings

Above average P/E usually reflects better than average growth

Investors especially value three things: EPS growth, accelerating growth and organic revenue growth when assigning a P/E

P/TBV

Persistently “low” P/TBV multiples usually signal depressed profitability with limited prospect for improvement or credit issues

P/TBV is a secondary proxy for earning power

- ROA / TCE % = ROTCE
- P/E x ROTCE = P/TBV

High ROTCE yields high P/TBV

High P/E and ROTCE = very high P/TBV

Section 3

Earning Power

Concept of Earning Power

Earning power reflects an estimate of *ongoing earnings* through a full business/credit cycle

Earning power is derived from an analysis of core earnings over the past 3-5 years combined with an earnings forecast over the next 1-2 years

The most significant variables for a bank will be a) the expected range of credit losses; b) NIM; and c) volume of loans and core deposits

The challenge of estimating a bank's earning power is that credit losses tend to be episodic (i.e., very low for years then very big) and the current rate environment that devalues low cost deposits

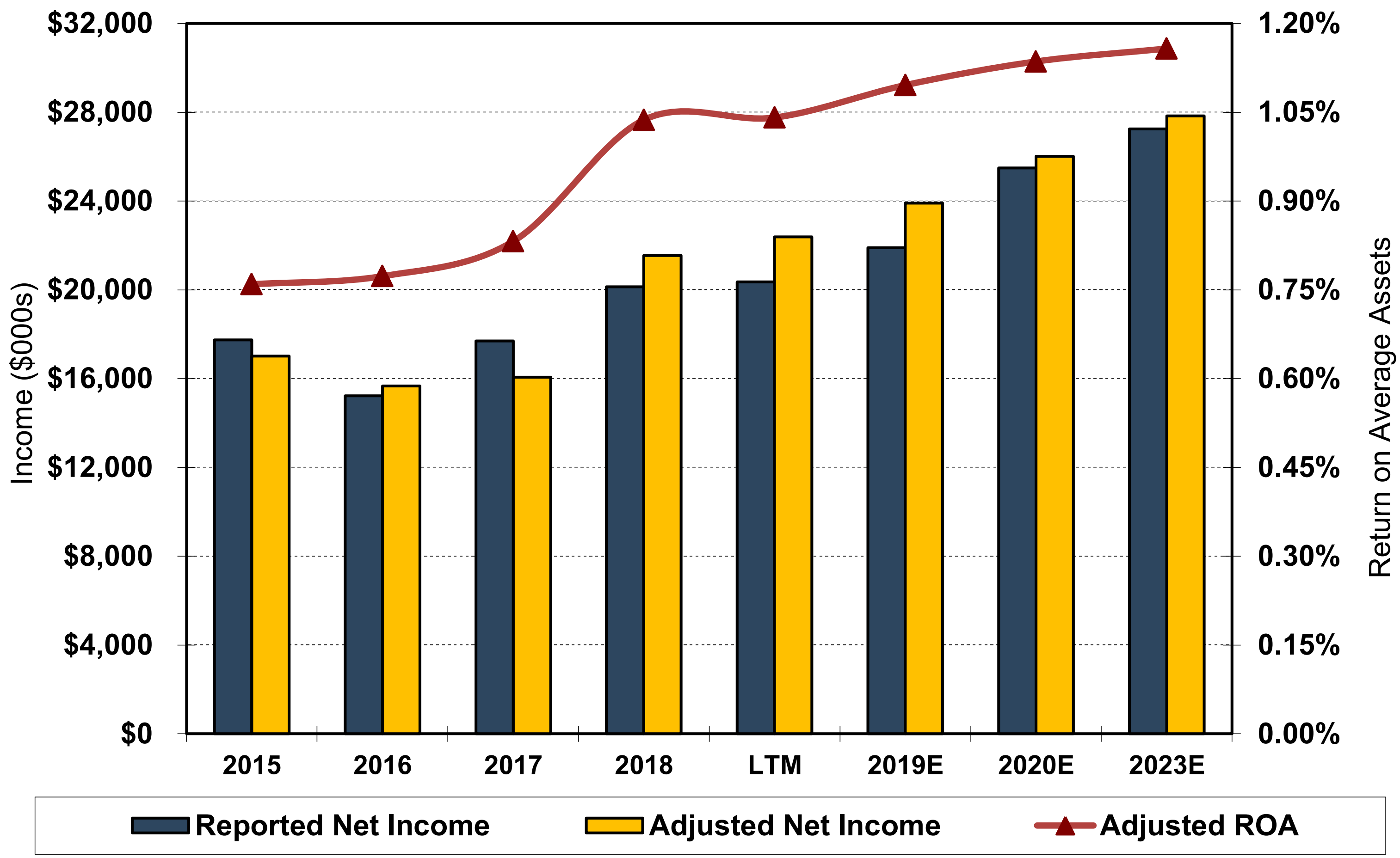
The earning power and multiple assumption provide perspective on whether shares are "cheap" or "expensive" and a 1-2 year price target

Core Earnings Analysis

Adjusted Income Statement		Fiscal Years Ended December 31					LTM	Cowboy Forecast		
		2014	2015	2016	2017	2018	3/31/19	2019E	2020E	2023E
Average Assets		$2,694,168	$2,241,515	$2,027,543	$1,931,352	$2,077,206	$2,150,000	$2,181,066	$2,290,120	$2,404,626
Average Equity		378,184	289,242	252,526	269,048	277,598	285,000	292,928	302,850	312,003
Average Loans		2,201,622	1,559,443	1,310,252	1,333,309	1,518,964	1,572,195	1,594,912	1,674,658	1,758,391
Net Interest Margin		3.40%	3.45%	3.35%	3.45%	3.58%	3.54%	3.45%	3.40%	3.40%
Efficiency Ratio		67.0%	69.5%	68.7%	68.6%	67.2%	67.5%	68.0%	67.7%	66.9%
Loan Loss Prov & ORE Exp / Avg Loans		7.14%	0.18%	-0.85%	-0.51%	-0.24%	0.29%	0.34%	0.24%	0.24%
Pre-Tax, Pre-Provision & ORE Op Income		**$32,153**	**$26,320**	**$23,550**	**$23,750**	**$26,875**	**$27,775**	**$30,100**	**$32,750**	**$36,500**
Reported Net Income to Common		**($71,818)**	**$17,750**	**$15,225**	**$17,695**	**$20,137**	**$20,367**	**$21,900**	**$25,500**	**$27,250**
Adjustments:										
(1) (Gains) / Losses on Sale of Securities		0	(837)	0	(1,884)	(162)	(294)	0	0	0
(2) Add Loan Loss Provision		115,000	3,107	7,209	6,624	3,566	5,532	5,385	4,000	4,240
Less: Normalized Provision	0.20%	(4,403)	(3,119)	(2,621)	(2,667)	(3,038)	(3,144)	(3,190)	(3,352)	(3,499)
(3) (Gain) / Loss on ORE Sales		25,083	(271)	(3,897)	(200)	(123)	(294)	0	0	0
(4) (Gain) on Sale of Branches		0	0	0	(4,378)	0	0	0	0	0
(5) Restructuring & Transaction Costs		0	0	0	0	1,538	750	339	0	0
(6) Tax Adjustment to 1-5 @		(47,488)	392	(242)	877	(374)	(535)	(532)	(136)	(156)
ADJUSTED NET INCOME		**$16,374**	**$17,022**	**$15,674**	**$16,067**	**$21,544**	**$22,381**	**$23,902**	**$26,012**	**$27,836**
Analysis of Adjusted Returns										
Pre-Tax, Pre-Prov Op Inc / Avg Assets		**1.19%**	**1.17%**	**1.16%**	**1.23%**	**1.29%**	**1.29%**	**1.38%**	**1.43%**	**1.52%**
Peer Group PPOI / Avg Assets		1.36%	1.39%	1.36%	1.44%	1.52%	1.51%			
Adjusted Return on Average Assets		**0.61%**	**0.76%**	**0.77%**	**0.83%**	**1.04%**	**1.04%**	**1.10%**	**1.14%**	**1.16%**
Peer Group ROA		0.77%	0.83%	0.64%	0.80%	1.04%	1.24%			
Adjusted Return on Average Equity		**4.3%**	**5.9%**	**6.2%**	**6.0%**	**7.8%**	**7.9%**	**8.2%**	**8.6%**	**8.9%**
Peer Group ROE		6.3%	6.7%	7.7%	8.5%	9.9%	10.1%			

Core Earnings Analysis

The trend is your friend – if it is real



Earning Power

	2018A	2019E	2020E	% Change 18-19E	19-20E	NIM < by -0.30%	NIM > by 0.10%	LL Prov = 0.25%	LL Prov = 0.75%	Earning Power - 1	Earning Power - 2	Earning Power - 3
Avg Earning Assets	$3,982	$4,459	$4,692	12%	5%	$4,692	$4,692	$4,692	$4,692	$4,700	$4,700	$4,700
NIM	3.96%	3.85%	3.70%	(11 bp)	(15 bp)	3.40%	3.80%	3.70%	3.70%	3.40%	3.60%	3.80%
Net Int Income	$157.6	$171.7	$173.6	9%	1%	$159.5	$178.3	$173.6	$173.6	$159.8	$169.2	$178.6
Fee Income	50.0	51.5	53.7	3%	4%	53.7	53.7	53.7	53.7	53.7	53.7	53.7
Revenues	**$207.6**	**$223.2**	**$227.3**	**8%**	**2%**	**$213.2**	**$232.0**	**$227.3**	**$227.3**	**$213.5**	**$222.9**	**$232.3**
Expenses	140.0	148.0	152.0	6%	3%	152.0	152.0	152.0	152.0	152.0	152.0	152.0
Efficiency Ratio	67%	66%	67%			71%	66%	67%	67%	71%	68%	65%
Op Income (PPOI)	**$67.6**	**$75.2**	**$75.3**	**11%**	**0%**	**$61.2**	**$80.0**	**$75.3**	**$75.3**	**$61.5**	**$70.9**	**$80.3**
ORE Expense	4.2	4.3	4.0	3%	-8%	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Provision	6.0	7.5	10.0	25%	33%	10.0	10.0	8.0	23.9	23.8	10.0	8.0
Net Charge-Offs	*4.5*	*6.0*	*8.5*	33%	42%	*9.0*	*9.0*	*7.2*	*21.5*	*21.4*	*9.0*	*7.2*
Amortization Exp	0.6	0.5	0.4			0.4	0.4	0.4	0.4	0.4	0.4	0.4
Net Non-Recurring	-1.0	0.0	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pre-tax	**$55.8**	**$62.8**	**$60.9**	**13%**	**-3%**	**$46.8**	**$65.6**	**$62.9**	**$47.0**	**$33.3**	**$56.5**	**$67.9**
Taxes	12.8	14.5	14.0			10.8	15.1	14.5	10.8	7.7	13.0	15.6
Effective Tax Rate	23%	23%	23%	0 bp	0 bp	23%	23%	23%	23%	23%	23%	23%
Net Inc-Common	**$43.0**	**$48.4**	**$46.9**	13%	-3%	**$36.0**	**$50.5**	**$48.5**	**$36.2**	**$25.6**	**$43.5**	**$52.3**
Avg Shares O/S	*16.6*	*16.6*	*16.6*	0%	0%	*16.6*	*16.6*	*16.6*	*16.6*	***16.6***	***16.6***	***16.6***
EPS	**$2.59**	**$2.92**	**$2.83**	**13%**	**-3%**	**$2.17**	**$3.05**	**$2.92**	**$2.18**	**$1.54**	**$2.62**	**$3.15**
P/E Multiple		**9.8x**	**10.1x**	**$28.50**		**13.1x**	**9.4x**	**9.7x**	**13.0x**	**18.5x**	**10.9x**	**9.0x**

Section 4

Intrinsic vs Franchise Value

Intrinsic vs Franchise Value

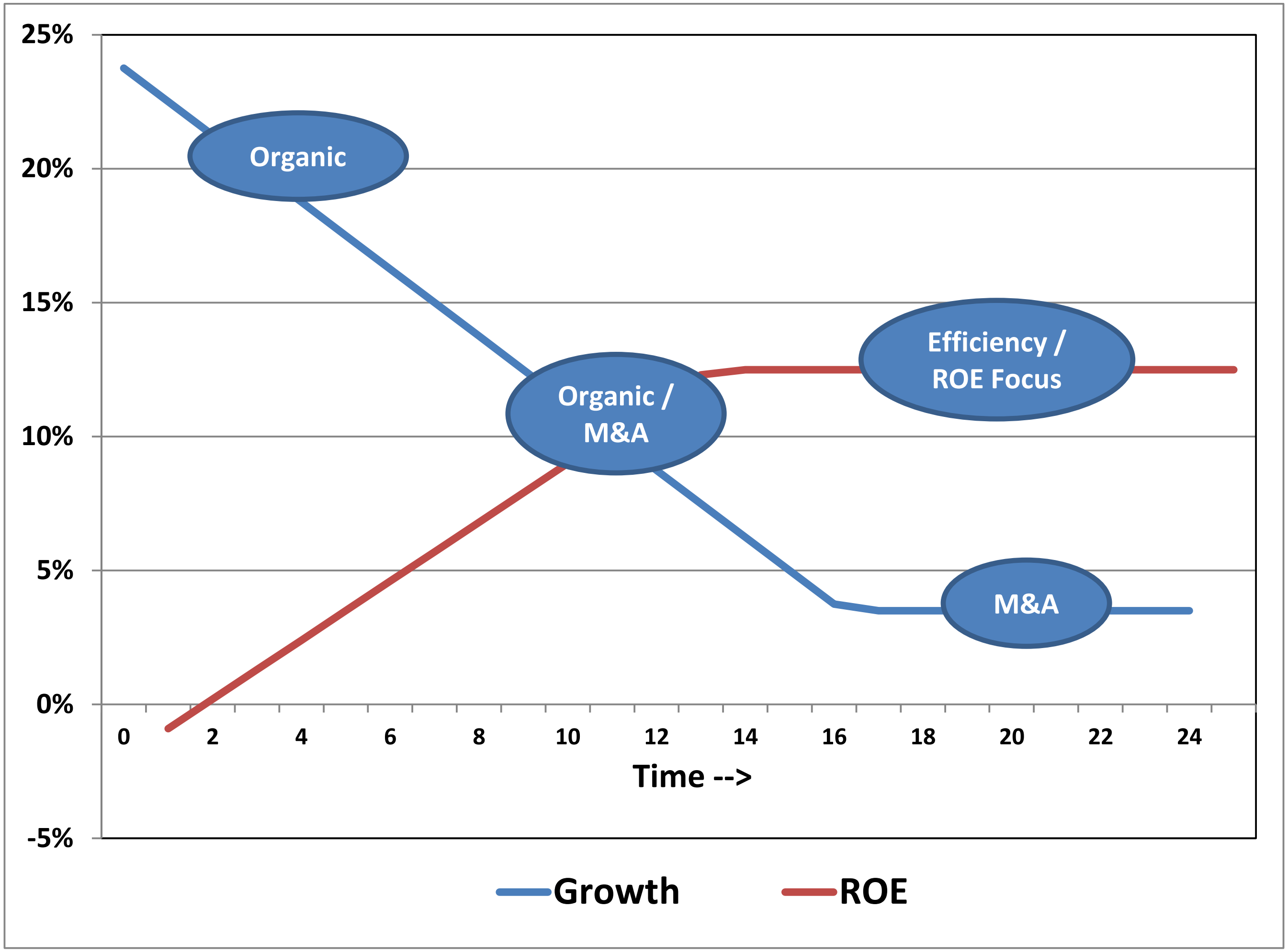
Intrinsic	Franchise
Or “fundamental” value	Management (vision & execution)
Net asset value (asset holding co)	Core deposits
Earning power and multiple	LT superior loss history (yield less net charge-offs)
Cash (on cash) yield	Market(s)
Viewed in context of ROE (profitability vs leverage) and growth (organic vs acquisition)	Loan origination capacity

Section 5

Institutional Investors View

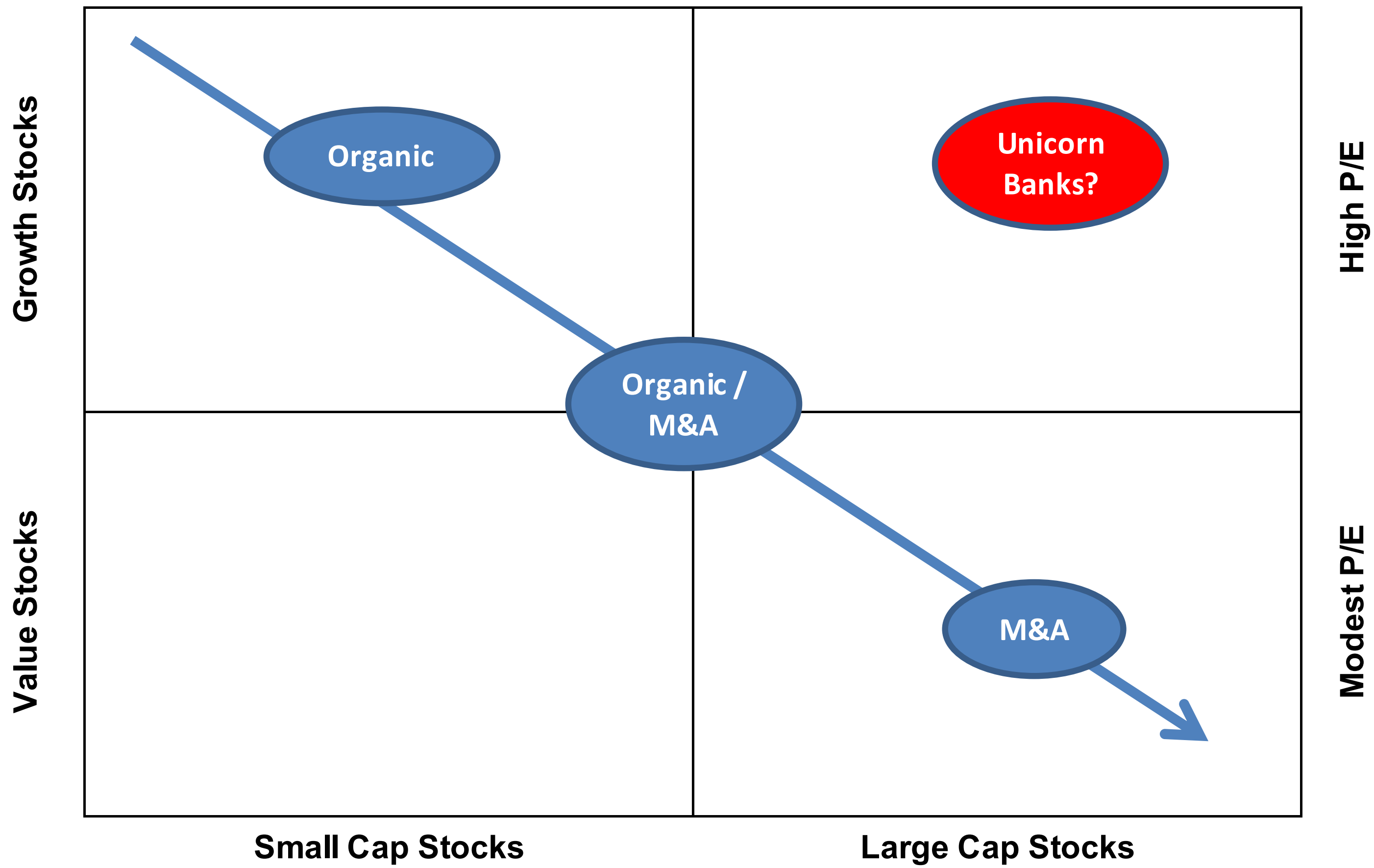
Life Cycle Matters

Investor view of a typical bank that is not acquired



Wall Street View

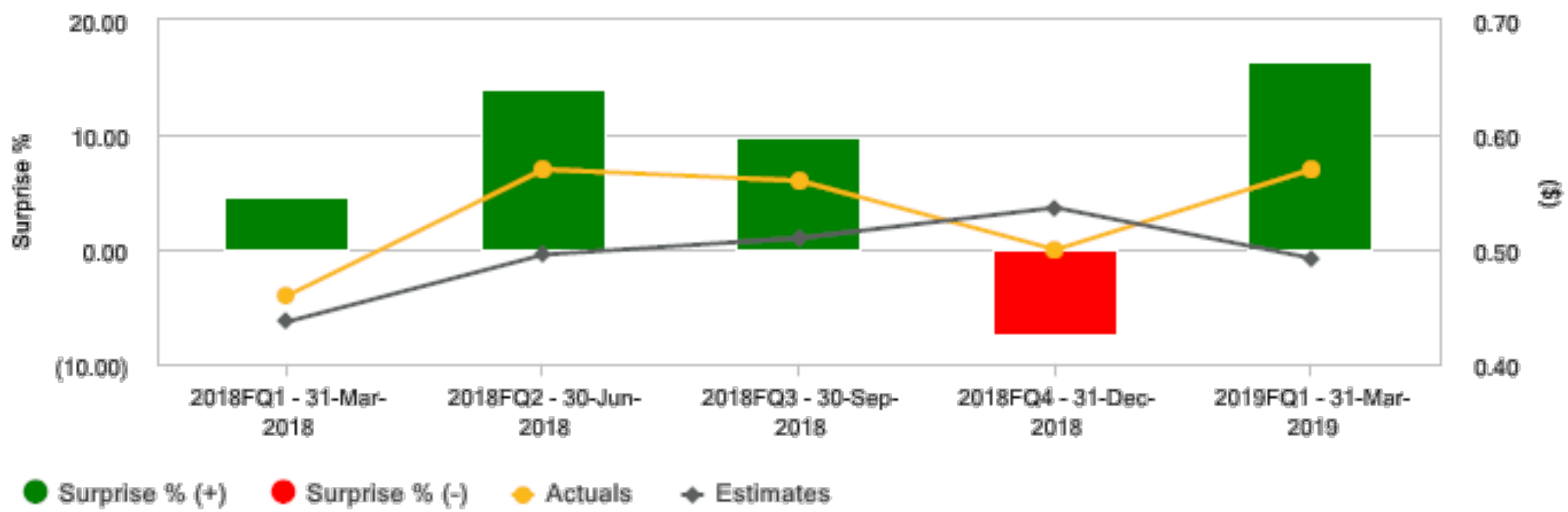
Migration from small cap growth to large cap value over time



Street Focus – Quarter vs Consensus and Trend in Consensus EPS

Stocks follow earnings

CADE EPS Normalized ($)	*FQ1 - Mar*	*FQ2 - Jun*	*FQ3 - Sep*	*FQ4 - Dec*	*FY/NTM*	*Consensus 90-Days Ago*	*FY Number of Analysts[1]*
2018A	0.46 A	0.57 A	0.56 A	0.50 A	2.07 A	NA	NA
2019E	**0.57 A** *7/23/19 2Q19 release*	**0.58 E** ***0.37 A***	**0.50 E**	**0.50 E**	**1.98 E**	2.19 E	8/9
2020E					**2.11 E**	2.38 E	9/9
2021E					**2.45 E**	NA	2/2



The Ideal Investment

Valuation

Absolute

History

Peer

Growth

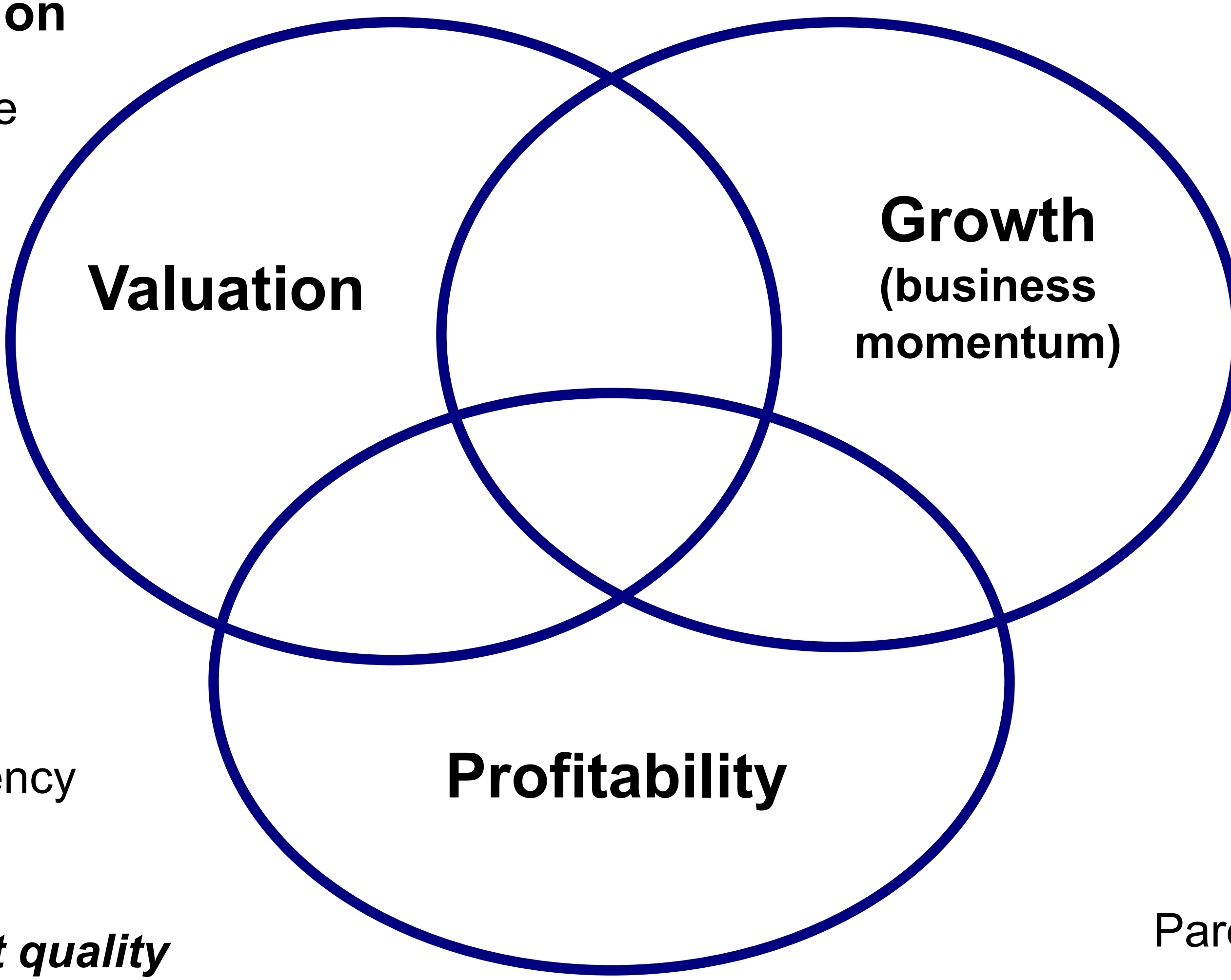
Organic

M&A

vs Peer

Potential

Consensus EPS Trend



ROA

NIM

Efficiency

Fees

Asset quality

ROE

Leverage

Bank capital

Parent leverage

Section 6

Great Company vs Great Stock

Hubris = Bad Stock

Coca-Cola (KO)

Robert Goizueta (CEO) **1995 Annual Report**

"Our virtual *infinite* opportunity for growth"

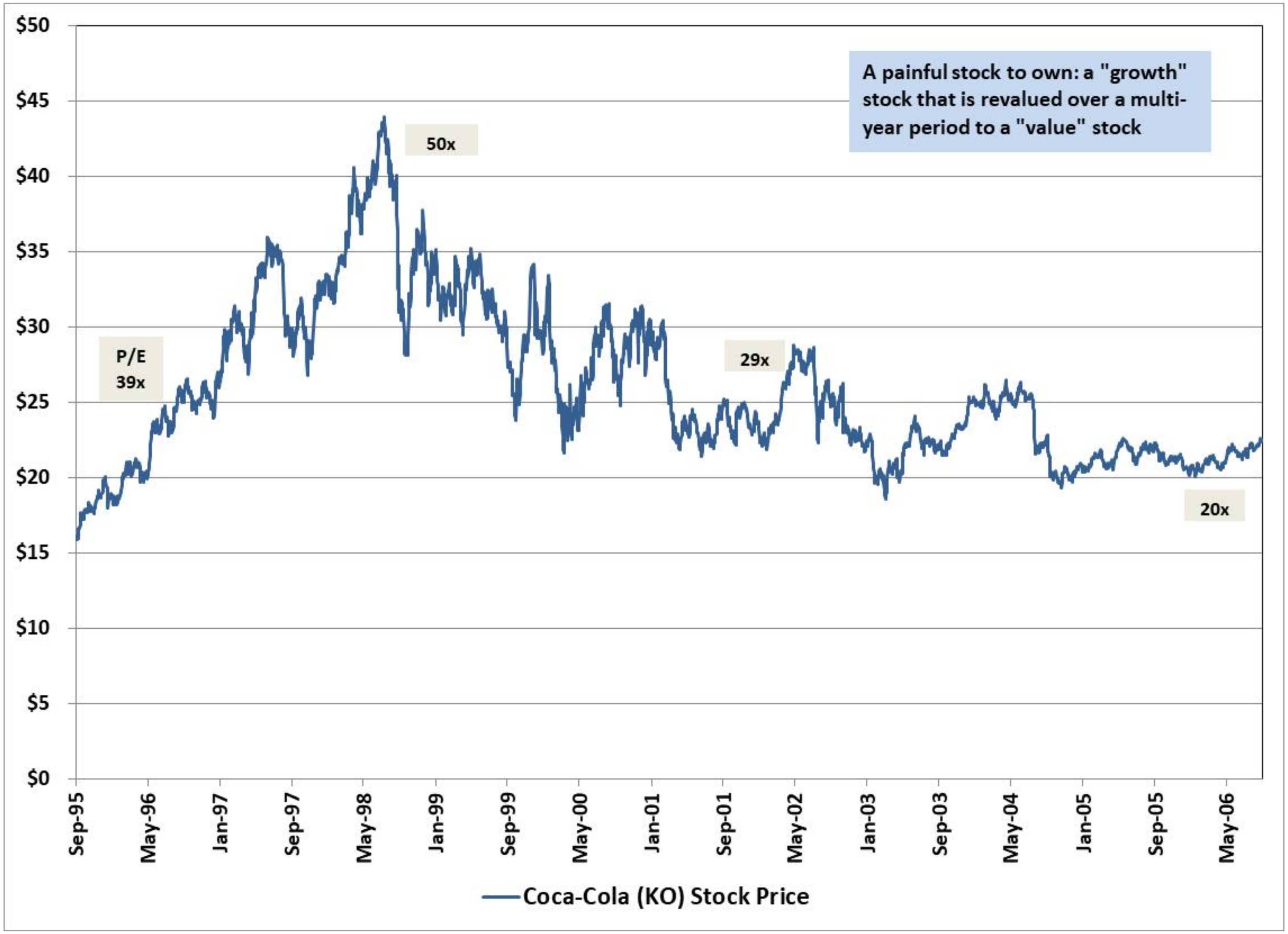
On using the infinity sign as an "unregistered trademark of our growth potential"

On when KO would not repurchase shares "whenever securities laws say we can't. Otherwise we've yet to encounter a time when we felt our stock wasn't a long-term investment bargain for us."

Source: KO 1995 annual report and Grant's Interest Rate Observer (10/11/96)

MERCER CAPITAL

KO Pain from Rerating



Fifth Third (FITB)

George Schaffer (CEO) from **1998 Annual Report**

> "***How can we continue***? *Focus on basics … hard work, aggressive selling, teamwork, disciplined expense control, strong credit quality … out-hustle the competition*

FITB's Stunning Metrics in the Late 1990s

25th consecutive year of net income growth

25 year EPS 18.7%

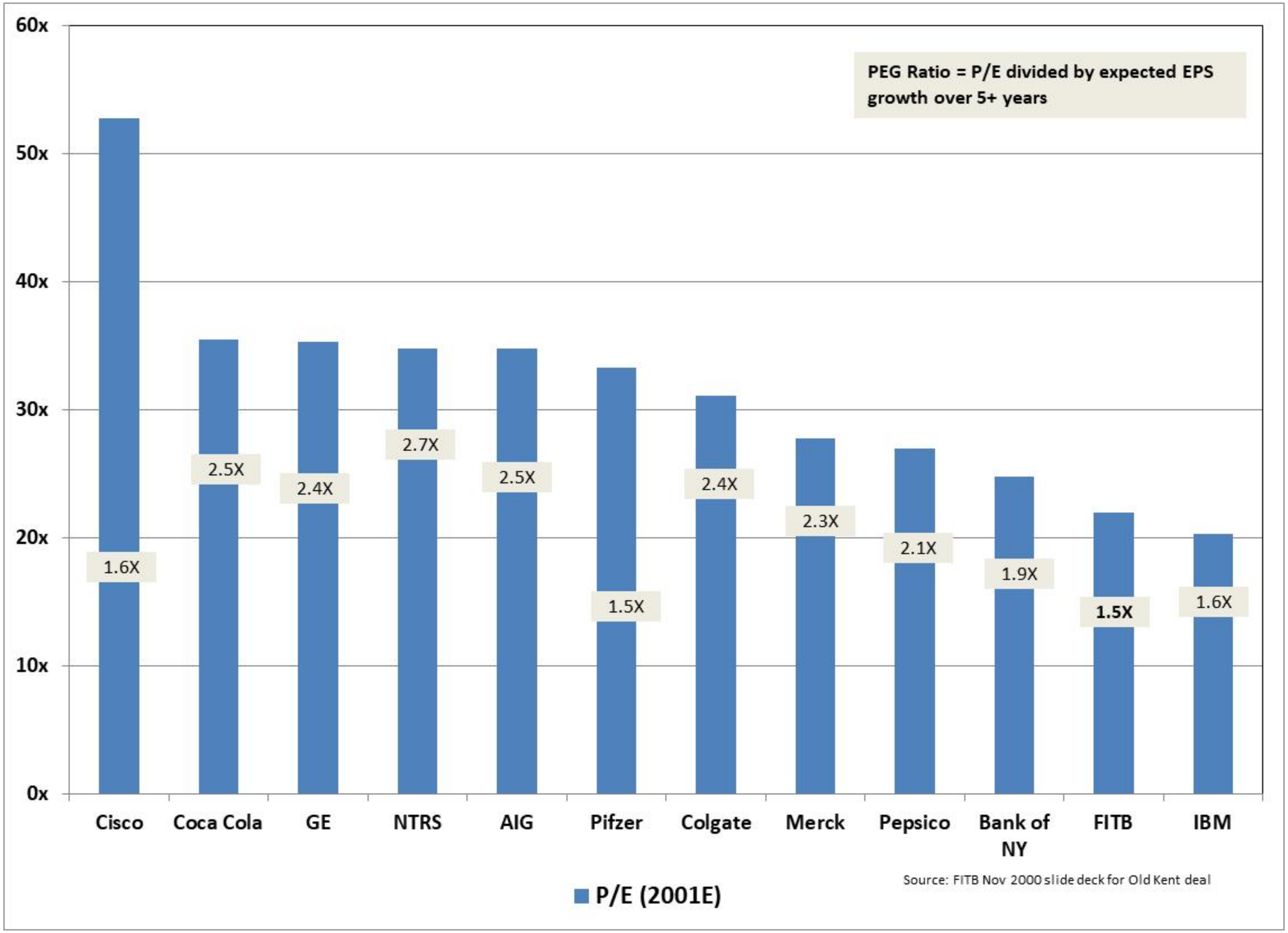
42% efficiency ratio

Active acquirer

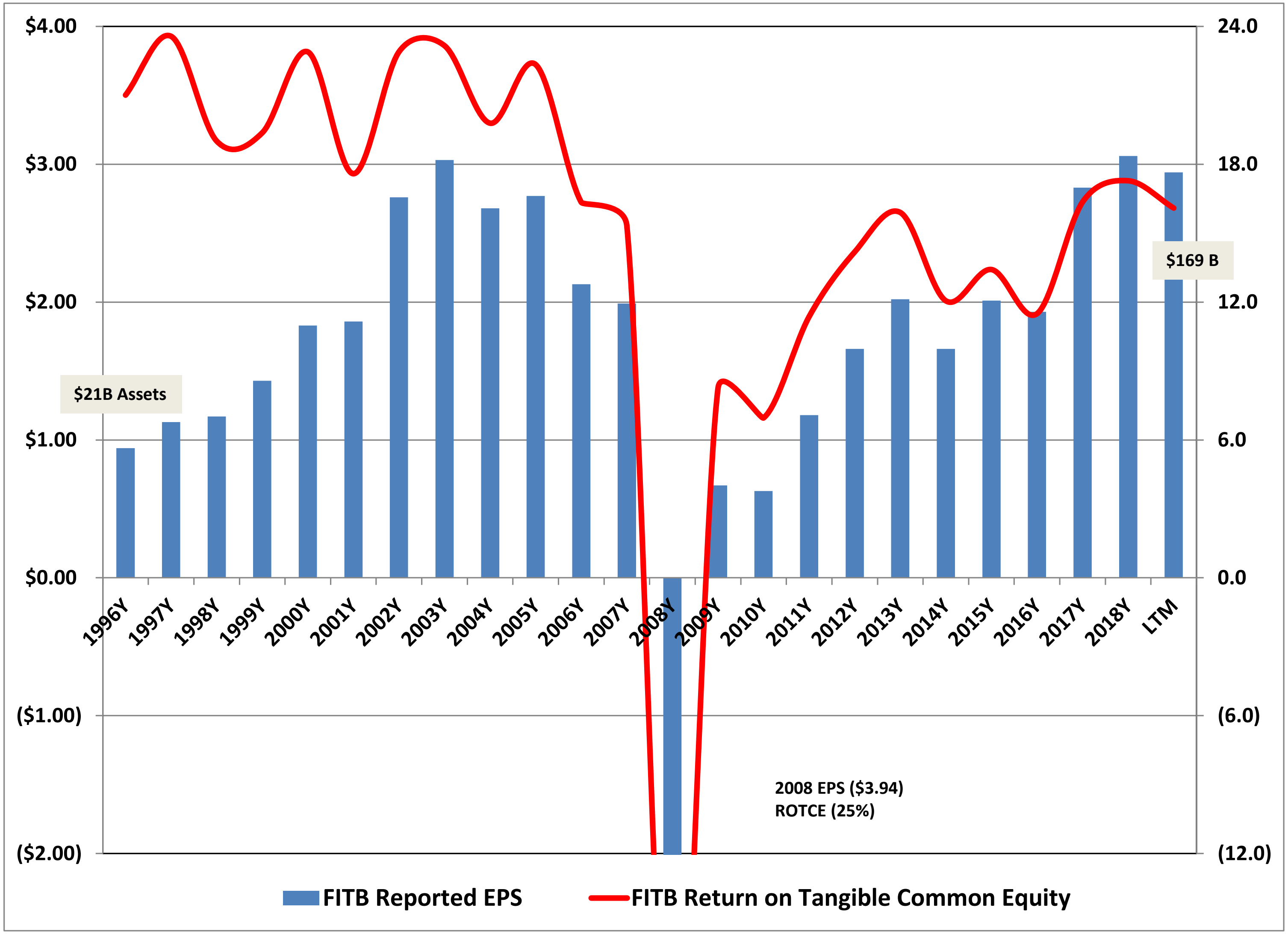
Processing fees (MPS)

Total return (price + dividend) ~30% 1978-1998

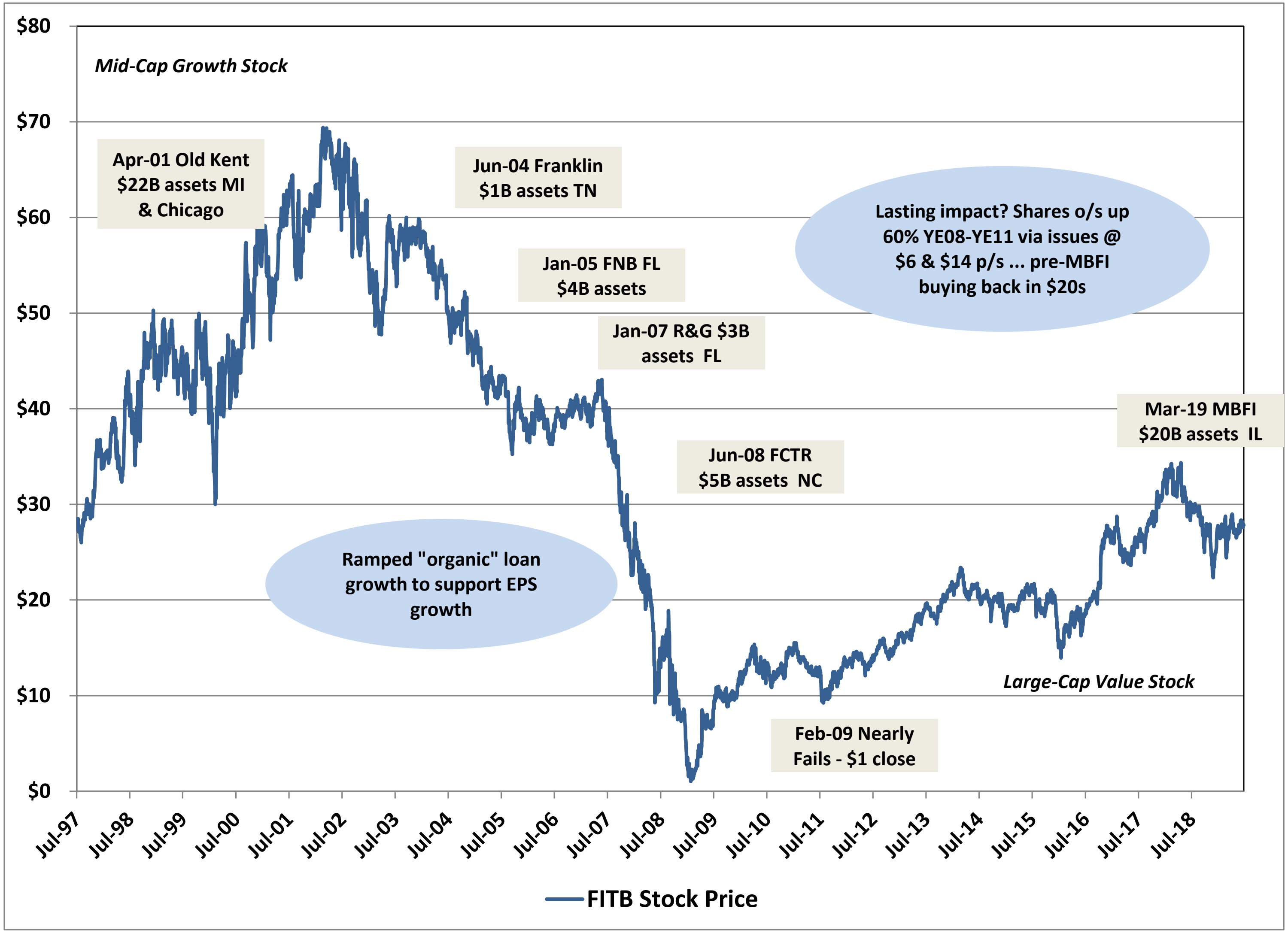
Large Cap Growth (meh)



FITB EPS and ROTE



FITB Share Price



BB&T (BBT)

John Allison (CEO) from **1999 Annual Report**

"BBT achieved its 18th consecutive year of record recurring earnings … Our vision is to create the best institution possible … best of the best … world standard

"We believe the great industry challenge is growing revenues and there are limits to efficiency improvements"

"We believe that our stock price is primarily driven by our cash EPS and our cash ROE provided that we maintain adequate capital and healthy asset quality"

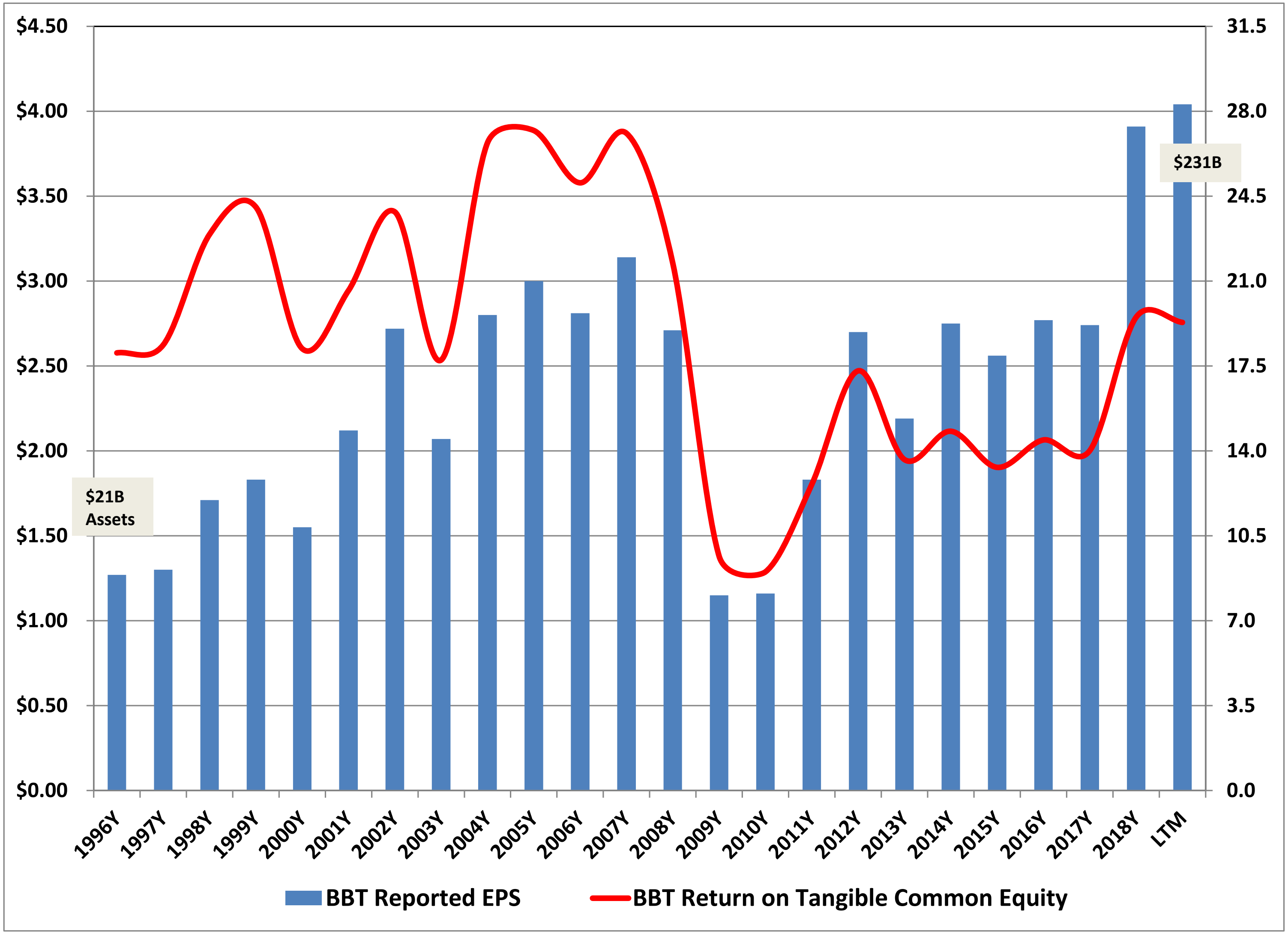
Kelly King (CEO) from **2018 Annual Report**

"BBT achieved strong results, including the best stock performance in our peer group by adhering to our long-held values … with greater profitability and lower (earnings) volatility over the long-term "

"Bold action is needed. Since 1995, 15 of the 25 largest banks by market cap no longer exist … BBT has moved from 36th to 9th"

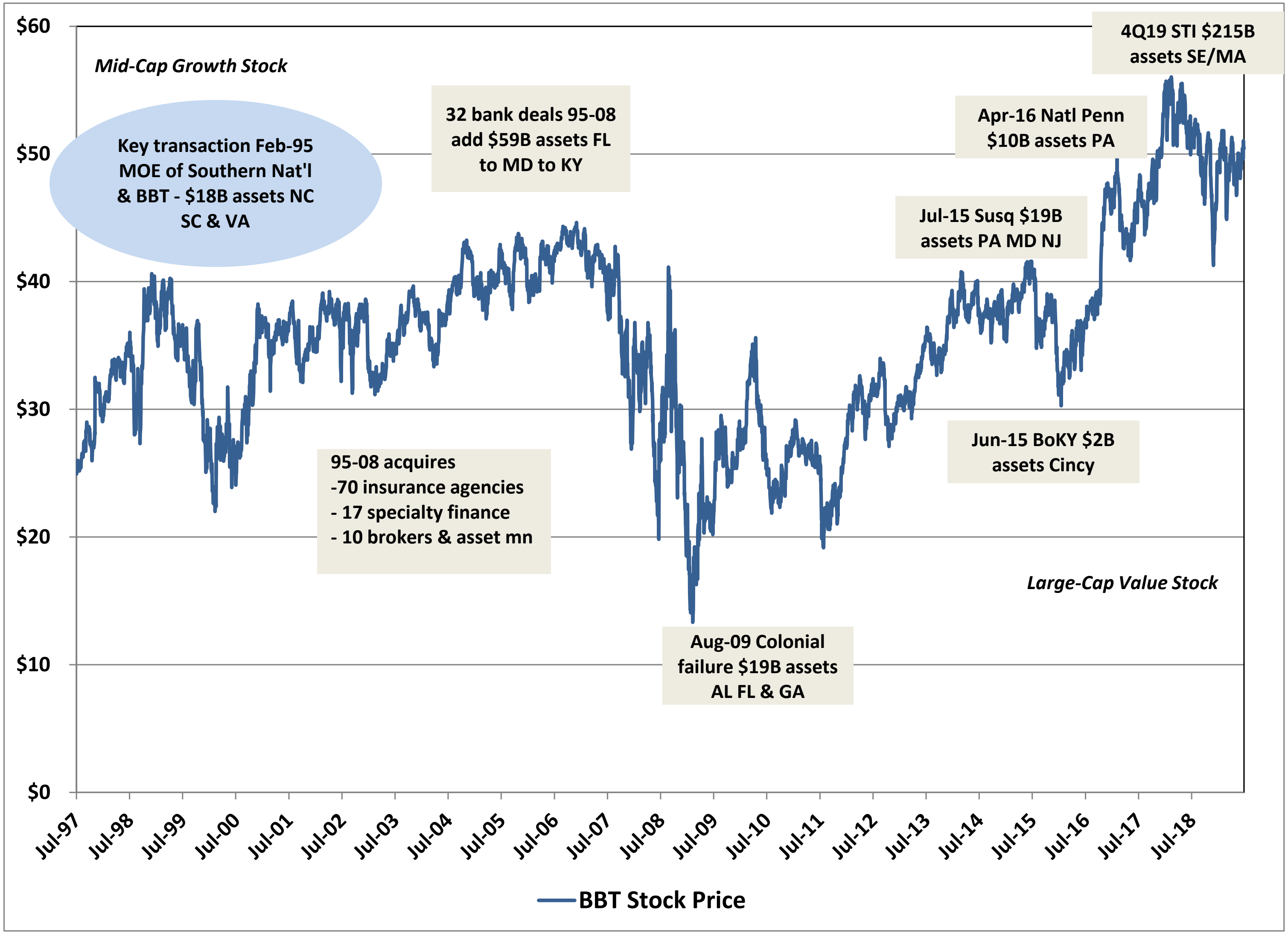
"Our MOE with SunTrust … will allow us to invest more substantially in technology … and our 17-sate footprint and DC is projected to grow faster than any of our peers"

BBT EPS and ROTE



Source: S&P Global MI

BBT Share Price



Source: S&P Global MI

A Few Observations

Starting point for measuring shareholder returns matters a lot!

Entry price is the one factor investors exercise total control over

Valuation matters over time for stocks and sectors that move from rich to cheap and vice versa

Over very long periods of time consistent growth and compounding returns with reinvested dividends largely trump entry price and valuation

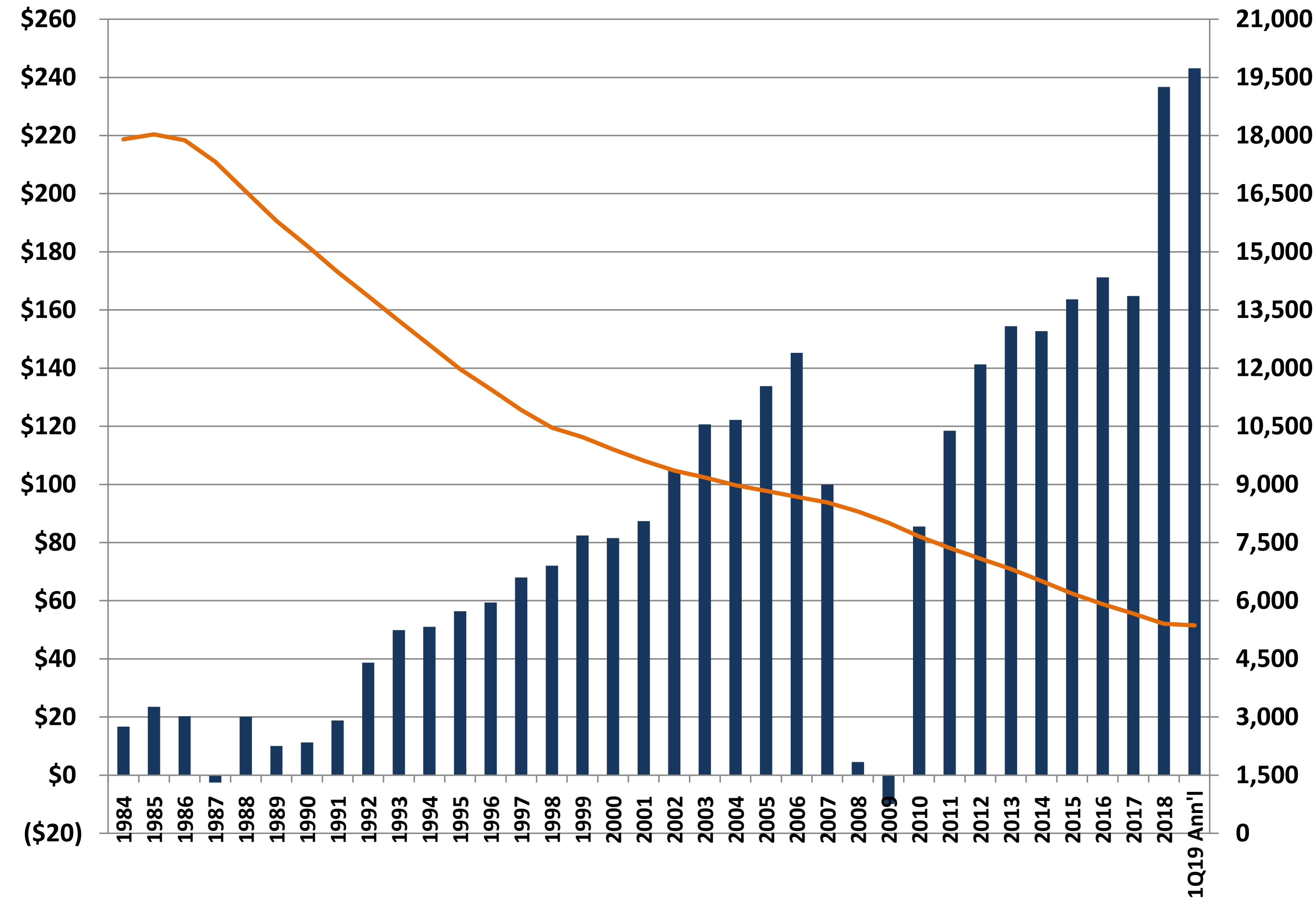
No way for a shareholder to overcome big dilutive common raises at low prices

July 97 - July 19	Price Change	Div'd Return	Total Return	97-19 CAGR
COF	697%	197%	894%	11.0%
MTB	364%	295%	659%	9.7%
USB	270%	329%	599%	9.2%
JPM	229%	283%	512%	8.6%
WFC	203%	239%	442%	8.0%
BBT	105%	215%	320%	6.7%
DFS	194%	59%	253%	5.9%
CMA	47%	124%	171%	4.6%
FITB	8%	74%	82%	2.8%
STI	8%	72%	80%	2.7%
ZION	19%	42%	61%	2.2%
BAC	-10%	69%	59%	2.1%
HBAN	-34%	67%	33%	1.3%
KEY	-39%	61%	22%	0.9%
C	-68%	17%	-51%	-3.2%

Section 7

Bank Market & Bank M&A Overview

Consolidation and Industry Earnings



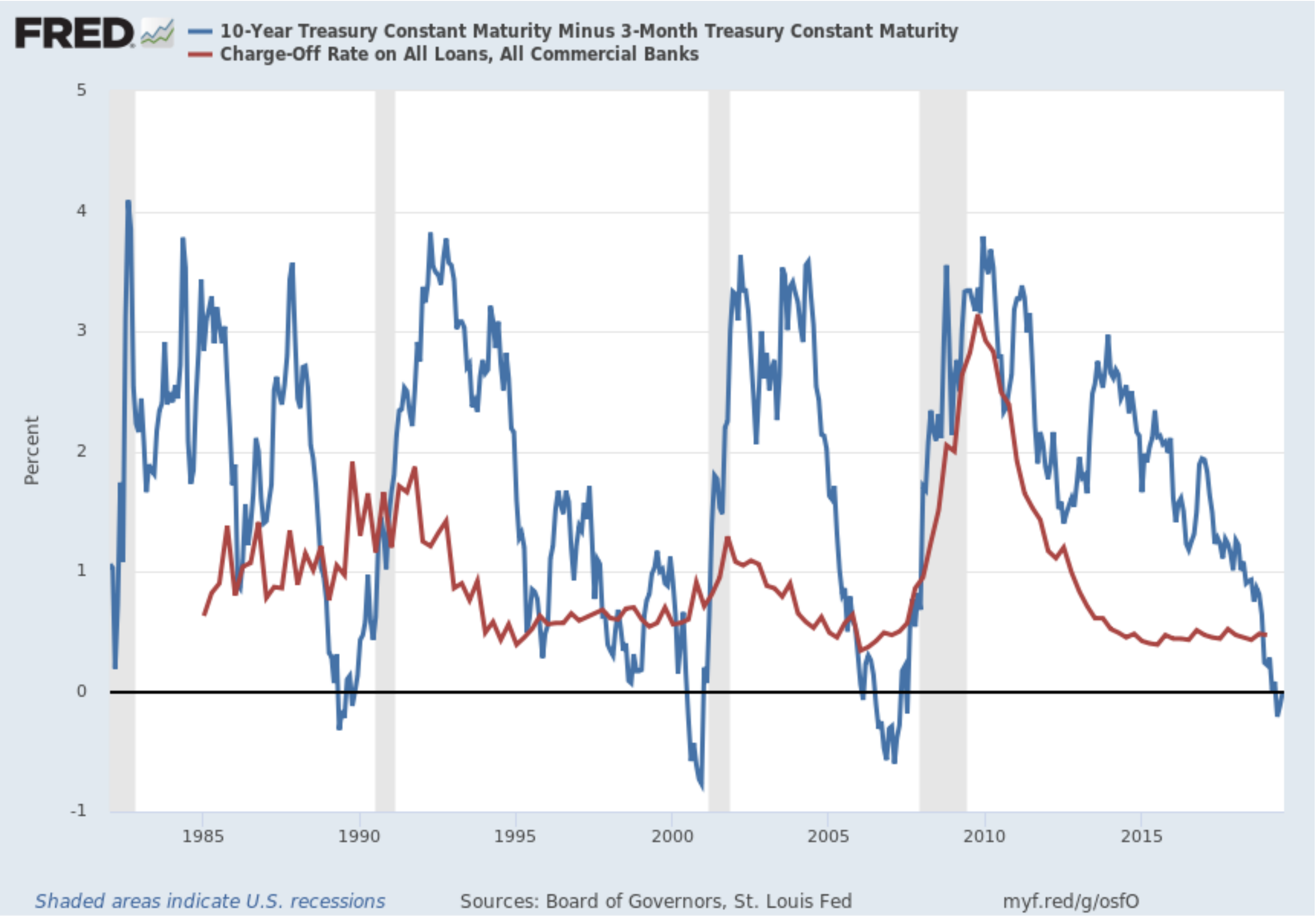
Source: FDIC, 1Q19

Then vs Now

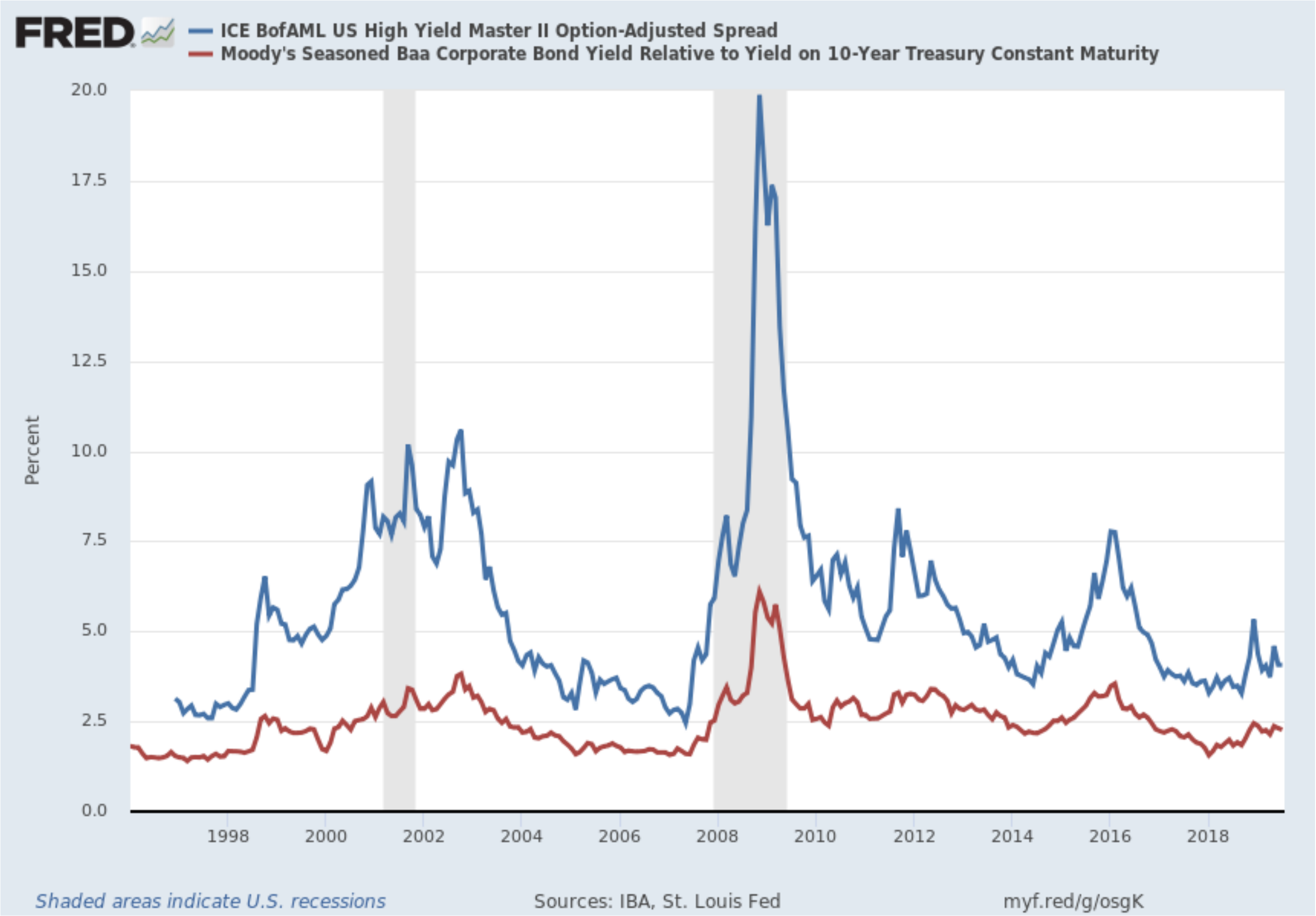
	Assets $10B - $250B		Assets $1B - $10B		Assets $100M - $1B	
	2006	**2018**	**2006**	**2018**	**2006**	**2018**
# of Institutions	119	128	530	638	4,399	3,353
Pre-Tax ROA	**1.95%**	**1.85%**	**1.81%**	**1.66%**	**1.59%**	**1.43%**
ROA	1.32%	1.46%	1.22%	1.33%	1.17%	1.23%
ROE	12.8%	12.0%	11.5%	11.3%	11.3%	10.8%
Leverage Ratio	7.7%	10.4%	9.4%	10.9%	10.0%	11.3%
Net Interest Margin	3.12%	3.87%	3.69%	3.75%	4.03%	3.75%
NIM less Net Charge-Offs	2.66%	3.17%	3.49%	3.56%	3.87%	3.60%
Fee Income / Assets	2.38%	1.50%	1.40%	1.14%	1.24%	1.16%
Efficiency Ratio	55.1%	53.1%	57.1%	59.5%	63.6%	66.2%
Loans / Assets	58.1%	61.2%	67.0%	70.9%	71.1%	68.7%
NPAs / Assets	0.52%	0.62%	0.51%	0.64%	0.59%	0.73%
Net Charge-Offs / Avg Loans	0.46%	0.70%	0.20%	0.19%	0.16%	0.15%
Loan Loss Reserve / Loans	1.04%	1.34%	1.16%	1.08%	1.15%	1.24%

Source: FDIC Quarterly Banking Review

Yield Curve & Credit Losses



Spread on HY and IG Bonds over USTs



Investor 2019 Themes

Bull Case

Fed only cuts 1-2 times, thereby limited give-up in NIM

Return of capital (dividend hikes and share repurchases)

Regulatory relief with Dodd-Frank roll-back (or definition of what sized bank is subject to what)

Tax cuts propel economy = loan demand, income growth, extend credit cycle

HY and IG corporate bond spreads not signaling imminent credit issues

Bear Case

Inverted yield curves usually precede recessions … = higher credit costs

Earnings overstated to the extent credit costs are exceptionally low, result being modest valuations as investors take “show me” view

Fed cannot / should not preempt recession (it is a business cycle); rate cuts “right” yield curve only

Market is efficient—impact of tax reform was priced into stocks during 4Q17

Total Return (price + dividends)

	S&P 500	Russell 2000	SNL Large Cap Bank Index	SNL Small Cap Bank Index	Large Cap Banks vs S&P 500	Small Cap Banks vs Russell 2000	Large Cap vs Small Cap Banks
Year-to-Date (7/19/19)	20.0%	15.6%	16.7%	7.8%	-3.3%	-7.8%	8.9%
11/8/16 - 7/19/19	46.8%	34.3%	43.3%	30.1%	-3.5%	-4.2%	13.2%
National Election							
1 Year to Election	4.2%	1.2%	-3.2%	5.5%	-7.4%	4.4%	-8.7%
3 Year to Election	28.7%	13.3%	23.0%	35.8%	-5.7%	22.5%	-12.8%
5 Year to Election	86.7%	69.7%	108.3%	110.5%	21.6%	40.8%	-2.2%
10 Year to Election	**91.4%**	**78.3%**	**-13.5%**	**5.6%**	**-104.9%**	**-72.7%**	**-19.1%**

Much of the industry’s outperformance post-election occurred 11/16 to 2/17

Underperformance past 12 months consistent with investor concerns (“rerating”) about peak earnings late in the economic and credit cycles

Bank Index Valuation

Valuations are currently "cheap" to history

Median Price / Earnings (Trailing 4 Quarters)

	7/19/19	12/31/17	11/8/16	3 Yr	5 Yr	10 Yr	20 Yr
SNL Small Cap U.S. Bank	14.2x	19.9x	16.9x	19.8x	18.0x	16.9x	16.6x
SNL Mid Cap U.S. Bank	12.9x	19.3x	17.4x	19.3x	18.2x	17.7x	16.7x
SNL Large Cap U.S. Bank	11.0x	16.3x	12.7x	14.9x	15.0x	14.1x	14.8x

Median Price / Tangible Book Value

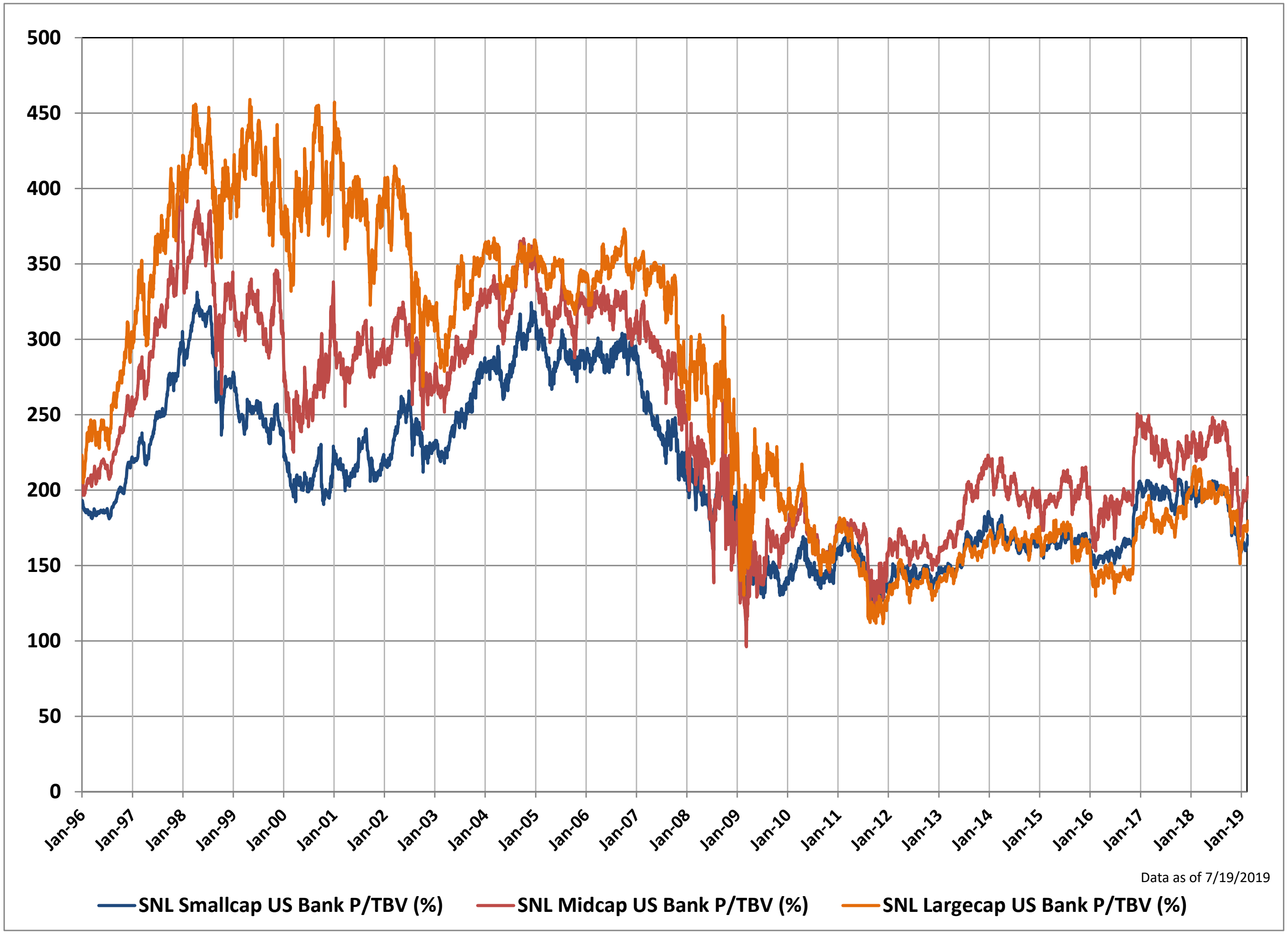
	7/19/19	12/31/17	11/8/16	3 Yr	5 Yr	10 Yr	20 Yr
SNL Small Cap U.S. Bank	154%	195%	166%	195%	168%	162%	197%
SNL Mid Cap U.S. Bank	185%	225%	195%	223%	200%	191%	225%
SNL Large Cap U.S. Bank	169%	198%	148%	181%	173%	167%	207%

Median Dividend Yield

	7/19/19	12/31/17	11/8/16	3 Yr	5 Yr	10 Yr	20 Yr
SNL Small Cap U.S. Bank	2.0%	1.5%	1.9%	1.6%	1.8%	1.9%	2.1%
SNL Mid Cap U.S. Bank	2.7%	1.9%	2.1%	2.0%	2.1%	2.0%	2.3%
SNL Large Cap U.S. Bank	2.9%	2.0%	2.4%	2.2%	2.1%	1.9%	2.4%

Source: S&P Global MI

Public Market P/TBV (96-19)



Source: S&P Global MI

M&A Themes

Pricing driven by seller earnings and expense savings (*but value quoted as a multiple of tangible book value!*)

Expense savings always a key in the analysis but who gets credit?

Recent theme of intense need to acquire deposits

Post-crisis M&A largely among small banks but evolving with BBT-STI

Emergence of more super community banks and small regional banks with publicly-traded stock to acquire

Era of positive reactions to deals over; most buyers see neutral-to-pressure on their shares upon announcement

Street prefers premium acquisitions to MOEs (though BBT-STI well received as a moderate risk transaction and help from slightly better pre-announce valuation multiples for BBT vs STI)

Typical Pricing Parameters

Pricing: 8-12x pro forma earnings with 100% after-tax expense saves

Expense Saves: 20-30% for out-of-market deals, 30-45% in-market

Revenue Synergies: Good luck!

TBVPS Dilution Earn-Back: 3-5 years via the "cross-over" method

EPS Accretion: Threshold varies, but ~5% *minimum* accretion

Internal Rate of Return: Comfortably above the buyer's cost of capital

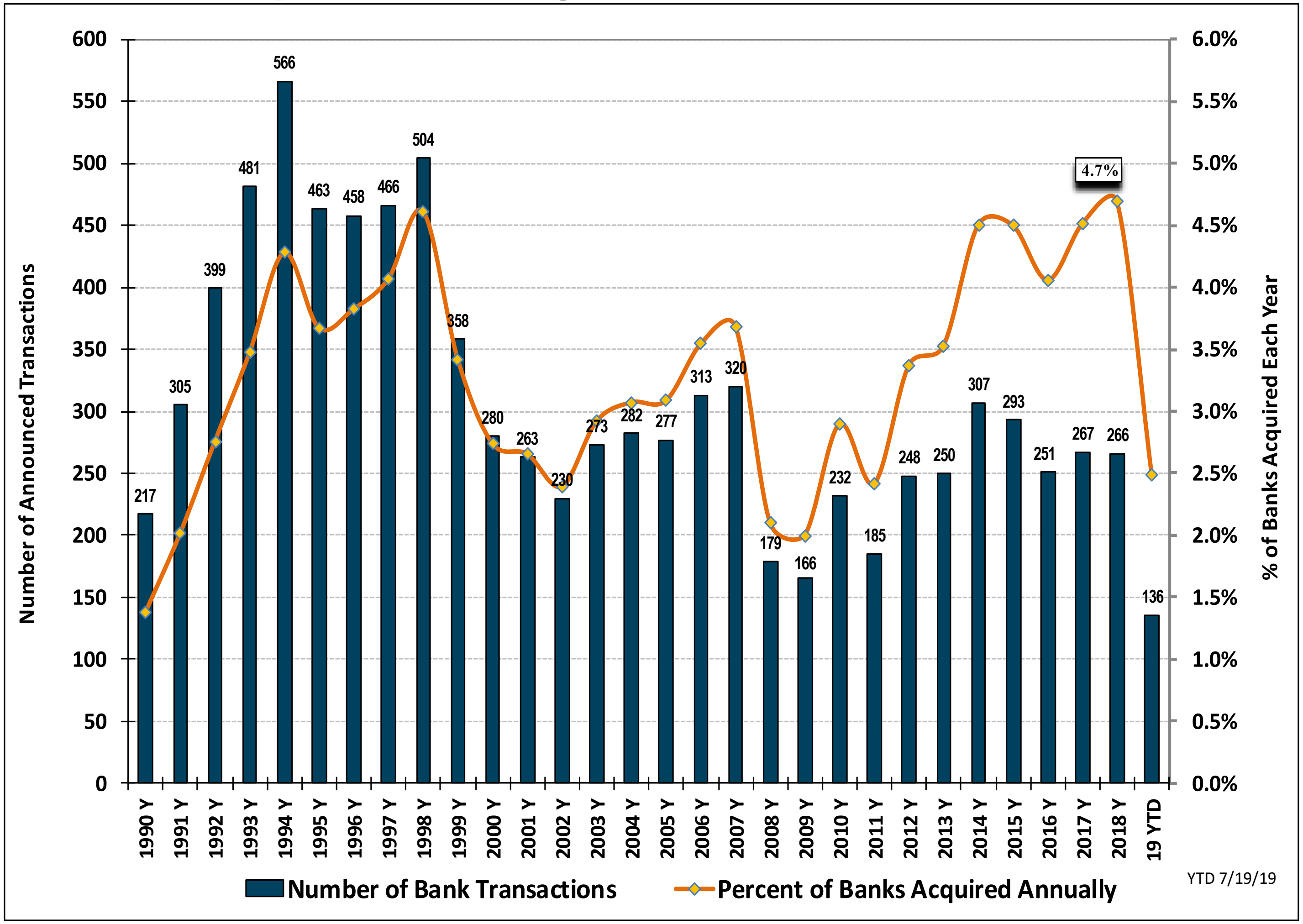
Bank Capital: Varies but day one leverage ratio 8-9% (*investors in public acquirers are focused on consolidated capital, not bank-level*)

Parent Capital Structure: Significant flexibility for small BHCs (*though most boards probably not comfortable with Fed allowed max*)

MERCER CAPITAL

US Bank M&A Activity

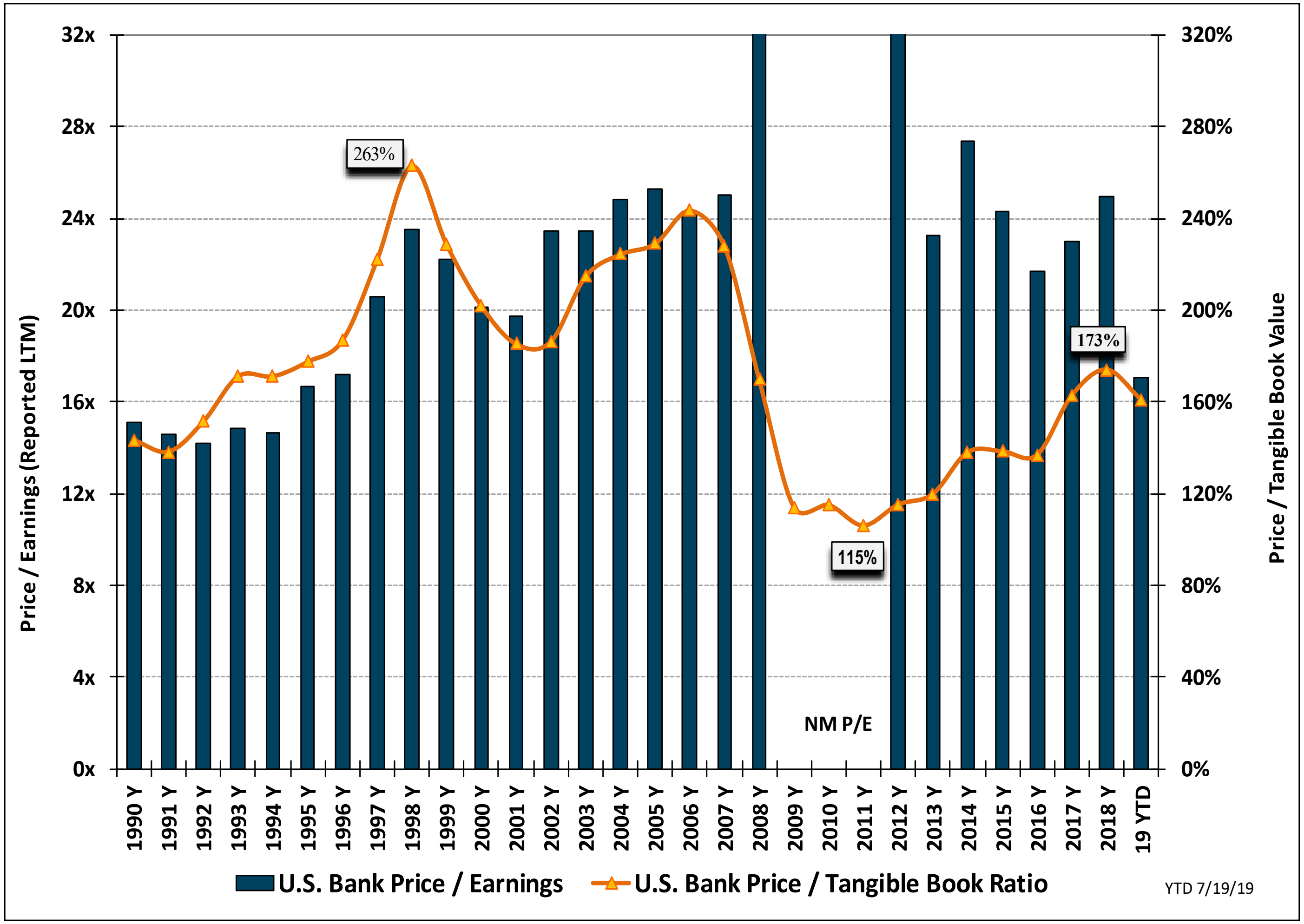
3-4% of banks acquired annually



Source: S&P Global MI

US Bank M&A Median Multiples

P/TBV peaks 1998; P/E tied point in earnings cycle



Final Thoughts

Growth Positives

Supports operating leverage and profitability

Diversification thru growth

Above average ROE *and* growth = high-powered shareholder returns

Wall Street loves growth – gives management a leash (be careful)

Growth Negatives

Bigness becomes an enemy of growth at some point (when?)

Wall Street becomes obsessed with “it”

Corporate America littered with bad deals and strategy to achieve growth

Jeff K. Davis, CFA

Jeffdavis@mercercapital.com
jeffkdavis@comcast.net
Twitter@JeffKDavis1
615-345-0350 (O)
615-767-9490 (M)

Managing Director – Financial Institutions Group (FIG) @ Mercer Capital

Provides financial advisory services primarily related to M&A and capital structures and the valuation of privately-held equity and debt issued by financial services companies

Clients include public and private financial institutions; private equity and private credit funds

SNL Financial contributor “Nashville Notes”

Previously a sell-side analyst covering commercial banks and specialty finance companies for Guggenheim Partners, FTN Financial and J.C. Bradford & Co.

Securities Licenses 7, 63, 79 (CRD #4007205; StillPoint Capital, LLC)

Rhodes College (BA); Vanderbilt University (MBA)

Mercer Capital

Memphis | Dallas | Nashville | Houston

1.800.769.0967
www.mercercapital.com

Jeff K. Davis, CFA
Managing Director
1.615.345.0350
jeffdavis@mercercapital.com