



MERCER CAPITAL

Bank Valuation & Financial Advisory Services



BUSINESS VALUATION &
FINANCIAL ADVISORY SERVICES

Banking Industry Expertise

Mercer Capital pairs analytical rigor with industry knowledge to deliver unique insight into issues facing depositories. These insights underpin the valuation analyses that are at the heart of Mercer Capital's services to depository institutions.

Experience

- Nationwide client base
- Clients range from smaller community banks with assets less than \$50 million to the largest U.S. depositories
- Clients range from the rural to the metropolitan, the troubled to the most successful, and the simplest in terms of capital structure to the most complex
- More than a thousand valuation opinions rendered for depositories
- Numerous sell-side and buy-side client representations

Valuation & Financial Advisory Services

Depository institutions require independent assessments of value for numerous reasons, such as:

- Going private
- Merging with or acquiring another entity
- Divesting a subsidiary or business unit
- Configuring buy-sell agreements
- Repurchasing or reorganizing shareholders' interests
- Issuing new stock or other securities with equity features
- Equity compensation
- Satisfying regulatory and fiduciary obligations in transactions involving related parties
- Litigated disputes
- Employee stock ownership plans
- Going public (cheap stock valuations)
- Administering employee or management incentive plans

Transaction Advisory Services

Mercer Capital has experience assisting depository institutions with significant corporate transactions. Whether considering an acquisition, a sale, or simply planning for future growth, Mercer Capital has the experience required to help financial institutions accomplish their financial objectives.

Mergers & Acquisitions

In a consolidating industry, banks often become aware of potentially attractive acquisition opportunities. Mercer Capital efficiently and effectively analyzes the target institution, evaluates the financial effects of the transaction on the buyer, and determines a reasonable valuation range. If appropriate, Mercer Capital assists in negotiating the transaction and evaluating alternative financing mechanisms.

Distressed Institutions Assistance

Mercer Capital has an experienced view of the asset quality problems that financial institutions currently face. We work with challenged financial institutions nationally, primarily as a result of offering goodwill impairment testing for compliance with ASC 350. We have provided goodwill impairment testing services to banking clients ranging in size from \$500 million to \$40 billion in assets.

Fairness Opinions

Fairness opinions are an integral part of significant transactions for sellers and, potentially, for buyers. A fairness opinion supports a Board's determination that the consideration received or paid in a transaction is fair to shareholders from a financial point of view. Mercer Capital has experience rendering fairness opinions in complex scenarios, such as recapitalizations or related party transactions. Further, Mercer Capital provides second fairness opinions in situations where a perceived conflict of interest may exist between an institution and an investment banking firm.

Board Presentations

Mercer Capital advises boards of directors in a wide range of matters. Topics for these Board presentations have included "selling now versus selling later," repurchasing stock, managing capital, and comparing the subject institution's financial performance against its peers.

Recent Transactions



Panama City, FL


has acquired



Panama City, FL


Mercer Capital provided valuation and advisory services to Innovations

– August 2024 –



Camden, TN

has acquired two branches from



Greenville, SC

Mercer Capital served as the exclusive financial advisor to Apex Bank

– July 2023 –



Sioux Falls, SD

has announced its intent to acquire a bank branch in Sioux City, Iowa from



Spicer, MN

Mercer Capital served as financial advisor to Levo

– April 2024 –



Kalamazoo, Michigan

has signed a definitive agreement to acquire



Gurnee, Illinois

Mercer Capital served as financial advisor to Advia Credit Union

– January 2024 –



Krause Brokerage Services
De Pere, Wisconsin


has acquired



Rancho Sante Fe, California


Mercer Capital served as exclusive financial advisor to Krause Brokerage Services

– February 2023 –



Atlanta, GA

has entered into a definitive agreement to purchase



Rome, GA

Mercer Capital served as financial advisor to LGE Community Credit Union



Maximum Bancshares, Inc.
West Des Moines, IA

has agreed to merge with



Savanna-Thomson Investment, Inc.
Savanna, IL

Mercer Capital served as financial advisor to Maximum Bancshares, Inc. and rendered a fairness opinion

– September 2022 –



Hagåtña, Guam

BankGuam terminated registration of its common shares (OTCPK: BKGM) under the Securities Exchange Act of 1934 via a reverse stock split and redemption of fractional shares

Mercer Capital served as financial advisor to the Special Committee of the Board of Directors and rendered a fairness opinion

– April 2022 –

Recent Transactions



Antigo, Wisconsin


agreed to purchase substantially all of the assets and liabilities of



New Lenox, Illinois


Mercer Capital served as financial advisor to CoVantage CU

— April 2022 —



Atlanta, Georgia


has agreed to acquire the majority of the assets and liabilities of



Smyrna, Georgia


Mercer Capital served as exclusive financial advisor to Georgia's Own Credit Union

— February 2022 —



Robins, Georgia

Has entered into a definitive agreement to acquire



Forsyth, Georgia

Mercer Capital served as exclusive financial advisor to Robins Financial Credit Union

— March 2022 —



Simmons First National Corp.
Pine Bluff, Arkansas

has entered into an agreement to acquire



Triumph Bancshares, Inc.
Memphis, Tennessee

Mercer Capital rendered a fairness opinion on behalf of Simmons First National Corporation

— June 2021 —



Simmons First National Corp.
Pine Bluff, Arkansas


has entered into an agreement to acquire



Landmark Community Bank
Collierville, Tennessee

Mercer Capital rendered a fairness opinion on behalf of Simmons First National Corporation

— June 2021 —



Citizens Equity First Credit Union
Peoria, Illinois

agreed to acquire 4 branches of



Simmons Bank
Pine Bluff, Arkansas

Mercer Capital served as a financial advisor on behalf of Citizens Equity First Credit Union

— November 2020 —



CapStar Bank
Nashville, Tennessee

acquired

The Bank of Waynesboro
Waynesboro, Tennessee

Mercer Capital rendered a fairness opinion on behalf of the Special Committee of Independent Directors of the Bank of Waynesboro

— July 2020 —



Indian Land, South Carolina

agreed to purchase two branches of




Bank OZK
Little Rock, Arkansas

Mercer Capital served as a financial advisor on behalf of Sharonview Federal Credit Union

— July 2020 —


Recent Transactions



first community
credit union

First Community CU
Coquille, Oregon

acquired 3 branches from



Umpqua Bank
Roseburg, Oregon

Mercer Capital provided valuation/financial advisory services to First Community CU.

– March 2020 –



The Bankers' Bank of Kentucky
Independent Community Bancorp, Inc.
Frankfort, Kentucky

acquired



Bankers Service Corporation, Inc.
Lexington, Kentucky

Mercer Capital provided valuation and advisory services in connection with the transaction to Independent Community Bancorp, Inc.

– December 2019 –



FB Financial Corporation
Nashville, Tennessee

has agreed to acquire



FNB Financial Corp.
Scottsville, Kentucky

Mercer Capital served as financial advisor and provided a fairness opinion to FNB Financial Corp.

– September 2019 –



Pinnacle Financial Partners
Nashville, Tennessee

acquired



Advocate Capital, Inc.
Nashville, Tennessee

Mercer Capital served as exclusive financial advisor to Advocate Capital, Inc.

– July 2019 –



Simmons Bank
Pine Bluff, Arkansas

has agreed to acquire



Landmark Bank
Columbia, Missouri

Mercer Capital rendered a fairness opinion on behalf of Simmons First National Corp.

– July 2019 –



advia
credit union
Parchment, Michigan

acquired



GOLDEN EAGLE COMMUNITY BANK
Woodstock, Illinois

Mercer Capital served as financial advisor to Advia Credit Union

– July 2019 –



BPC Corporation
Cookeville, Tennessee

has agreed to acquire

CFB Bancshares, Inc.
Wartburg, Tennessee

Mercer Capital served as a financial advisor & rendered a fairness opinion on behalf of CFB Bancshares, Inc.

– October 2018 –



Richwood Bancshares, Inc.
Richwood, Ohio

has agreed to acquire



Home City Financial Corporation
Springfield, Ohio

Mercer Capital served as financial advisor on behalf of Richwood Bancshares, Inc.

– July 2018 –

Financial Reporting Services

The current financial reporting environment for banks is marked by a movement from historical cost to fair value accounting with an attendant increase in the complexity of accounting measurements. Our professionals possess a knowledge of relevant accounting pronouncements and have expertise in valuation techniques appropriate for financial statement reporting.

Financial Reporting Services

For financial reporting compliance, Mercer Capital provides valuation services regarding:

- Company securities issued in specific transactions
- Customer relationships, including depository relationships (also referred to as core deposit intangible assets)
- Non-competition and employment agreements
- Preferred stock, trust preferred securities and other non-equity instruments
- Other unique contractual or separable intangibles recorded under ASC 805 (formerly SFAS 141R)
- Mark-to-market analysis of loan and deposit portfolios
- Impairment tests regarding goodwill and other intangible assets
- Equity or equity-linked instruments issued as compensation
- Restricted stock

Loan Portfolio Valuation Services

Mercer Capital professionals have extensive experience in valuing illiquid assets including derivative securities, secured and unsecured debt instruments, and complex equity interests.

Experience

Mercer Capital's experience includes valuing the following types of securities for tax compliance purposes:

- Mercer Capital performs purchase price allocations on 10% – 15% of announced bank deals
- Quarterly valuations to assist clients with estimating the fair value of loan portfolios for disclosure requirements of ASU 2016-01
- Portfolios range from clean to highly distressed, with sizes up to several billion dollars in unpaid principal

Loan Portfolio Valuation Services

Our loan portfolio valuation services help clients ascertain and develop support for fair values of portfolio investments in alternative assets. Services include the following:

- Derivative security valuation services
- Secured and unsecured debt instrument valuation services
- Illiquid equity interest valuation services
- Convertible security, warrant, and option valuation services

Litigation Support Services

Mercer Capital brings analytical resources and over 35 years of experience to the field of dispute analysis and litigation support. Our professionals have been designated as expert witnesses in federal and state courts and before various regulatory bodies.

Litigation Support Services

Mercer Capital is a leader in providing valuation and transaction-related litigation support to the financial institutions industry. Our professionals have been deposed or testified as expert witnesses in over 150 cases in federal and state courts and before various regulatory bodies. We have been involved in more than 100 shareholder dissent cases and have served as an expert witness in about 30 of them in 14 states. Specific to financial institutions, we have experienced expert witnesses and litigation support staff.

- Initial consultation and analysis
- Trial testimony & support
- Business damages
- Buy-sell agreements
- Securities fraud analysis
- Goodwill analysis
- Blockage analysis
- Family law and marital dissolution
- Fair value controversies
- Tax-related controversies
- ESOPs and other ERISA-related disputes
- Bankruptcy and corporate reorganization
- Mediation or arbitration
- M&A advisory engagements

Tax Compliance Services

Mercer Capital's opinions of value for tax compliance purposes are well-reasoned and well-documented, providing critical support for any potential challenge. The overwhelming majority of the time, our work has resulted in quiet acceptance by the IRS, as well as state and local taxing authorities.

Experience

Mercer Capital's experience includes valuing the following types of securities for tax compliance purposes:

- Shares of closely held companies
- Shares encumbered by specific restrictions under the securities law or block size issues
- Interests in family limited partnerships and limited liability companies
- Preferred stock, trust preferred securities, and other non-equity instruments
- Stock options and other equity-linked instruments
- Covenants and agreements not to compete
- Other intangible assets

Tax Compliance Valuation Services

In the tax compliance arena, Mercer Capital provides valuation services for the following purposes:

- Family wealth planning
- Gift and estate tax compliance
- Corporate tax planning, such as reorganizations or recapitalizations
- Individual and corporate tax compliance

Stress Testing Services

Community bank stress testing can be a complex exercise as it requires the bank to essentially perform the role of both doctor and patient. However, it is important that banks begin building their stress testing expertise sooner rather than later.

Stress Testing Services

In order to assist community bankers with this complex and often time-consuming exercise, we offer three potential solutions to make the process as efficient and valuable as possible.



Stress Testing & Capital Planning Toolkit

You do it yourself using our model – with a twist



Custom Stress Testing & Capital Planning

Outsource the entire process to Mercer Capital



Model Confirmation & Validation Services

Our experts will review and validate your existing stress test model

Services for Credit Unions

Mercer Capital has experience working with credit unions on bank acquisitions and mergers with other credit unions.

Services for Credit Unions

- **Pre-Closing**

- Valuation, advisory, and due diligence services related to the target bank, branch, or credit union

- **Post-Closing**

- Valuation of the target's loans, core deposit intangible, and/or CD portfolios to assist with financial statement reporting and purchase price allocation

Thought Leadership



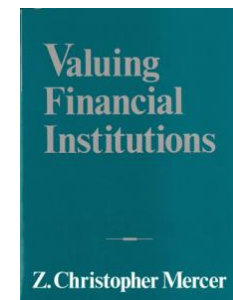
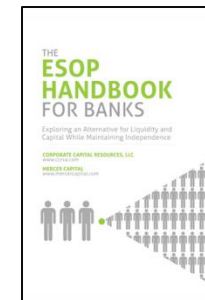
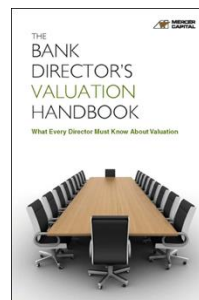
Bank Watch Newsletter

Published Monthly

Focused on bank activity in five U.S. regions. Each edition of *Bank Watch* highlights various banking metrics, including public market indicators, M&A market indicators, and key indices of the top financial institutions in your region, providing insight into financial institution valuation issues.

Books and Other

In addition to scores of articles, our professionals have authored four books. Our professionals regularly speak at industry and professional conferences. In addition, Jeff Davis, Managing Director, is a regular contributor to *SNL Financial*.



Senior Professionals



615.345.0350
jeffdavis@mercercapital.com

Jeff K. Davis, CFA | Managing Director

Jeff is the Managing Director of Mercer Capital's Financial Institutions Group. The Financial Institutions Group works with banks, thrifts, asset managers, insurance companies and agencies, BDCs, REITs, broker-dealers and financial technology companies. Jeff's practice primarily focuses on transactions. He works with both buyers and sellers. As part of his transactions practice, Jeff also leads fairness opinion engagements.

Jeff began his career at Mercer Capital, leading the firm's financial institutions practice in the 1990s. He then spent 13 years as a sell-side analyst providing coverage of publicly traded banks and specialty finance companies to institutional investors evaluating common equity and fixed income investment opportunities. Jeff rejoined Mercer Capital in 2012 as Managing Director. Jeff is a speaker at industry gatherings, regularly makes presentations to boards of directors and executive management teams and is an editorial contributor to *SNL Financial*.



901.322.9726
gibbsa@mercercapital.com

Andrew K. Gibbs, CFA, CPA/ABV | Senior Vice President

Andy leads Mercer Capital's Depository Institutions Group. Andy provides valuation and corporate advisory services to financial institutions for purposes including M&A, ESOPs, profit sharing plans, estate and gift tax planning and compliance matters, corporate planning and reorganizations.

He has extensive experience providing public and private clients with fair value opinions and related assistance pertaining to goodwill and intangible assets, stock-based compensation, loan portfolios, and other financial assets and liabilities. Andy also participates in the bank M&A engagements and directs bank engagements in a litigated contest (divorce, tax disputes, dissenting shareholder actions, and ESOP matters). Andy speaks and writes frequently on topics related to community bank valuation.



469.778.5860
wilsonj@mercercapital.com

Jay D. Wilson, Jr., CFA, ASA, CBA | Senior Vice President

Jay is a senior member of Mercer Capital's Depository Institutions Group. He also leads Mercer Capital's Financial Technology industry team and has published a book and research related to the FinTech industry.

Jay is involved in the valuation of financial institutions and FinTech companies for a variety of purposes including ESOPs, mergers and acquisitions, profit sharing plans, estate and gift tax planning, compliance matters, and corporate planning.

He has extensive experience providing public and private clients with fair value opinions and related assistance pertaining to goodwill and intangible assets, stock-based compensation, loan portfolios, and other financial assets and liabilities. Jay also directs projects in a litigated context, including tax disputes, dissenting shareholder actions, and ESOP-related matters.



Mercer Capital

www.mercercapital.com

