

# Bank Watch

## Atlantic Coast

## Cain't Be

by Jeff K. Davis, CFA

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I doubt most of you have heard of the rural Southern idiom “cain't be.” The Urban Dictionary — which admittedly can be raw — defines cain't as “a cross between the Standard English contractions ‘can't’ (cannot) and non-standard English contraction ‘ain't’ (am not). This combination of contraction forms a powerful word encompassing ‘cannot,’ ‘am not,’ ‘is not,’ ‘are not,’ and ‘have not.’” “Hell no” is the short version.

Peter Tchir of TF Market Advisors described the early bank releasers' results as a “yawn” on Twitter this weekend. Profitability is good for the large banks, but investors own equities due to growth prospects or a compelling valuation. Much of the sell-side is spinning explaining changes in the current quarter versus prior quarters due to seasonal items: first quarter 2012 entailed 29 days in February, loan growth was pulled forward into fourth quarter 2012, etc. The trend is and has been clear for some time: Revenue growth is close to nil and will turn negative for many smaller banks, while declining credit costs as a net income driver is about over and has been priced into the stocks for a while.

We are now in our fifth year of the Fed's zero interest rate policies (ZIRP) and the sixth since the Fed began cutting rates in 2007. One day the environment will change. Until then, competitive pressures are increasingly weighing on loan yields and are thereby creating a second element of NIM pressure beyond that of reinvesting bond and mortgage cash flows at much lower yields. There will be exceptions that hold the line on pricing (maybe M&T Bank Corp.) and sacrifice volume even though ZIRP promises very low credit costs for some time. Also, some markets such as South Louisiana, Texas, and other areas of the energy- and ag-belts, are poised for very good multi-year loan growth that may entail better-than-average pricing.

What results show from the early releasers — I think — is that the yield story is going to intensify in the second half of 2013 and 2014. As shown in the table, JPMorgan Chase & Co., Wells Fargo & Co. and Commerce Bancshares Inc. all saw year-over-year reductions in loan yields that exceeded the reduction in 30-day LIBOR and the five-year swap rate. Yet, these results do not reflect the increasing story of “high” 2-handle C&I and CRE pricing for quality credits that I am hearing about around the country. So far, low credit costs and still strong — albeit easing — mortgage banking mask the impact of NIM pressure in terms of earnings, but that increasingly will not be the case unless loan growth accelerates. And faster loan growth may require more pricing (and term/structure) concessions. Investors should focus on yields, not the second derivative NIM, in assessing how the revenue and earnings trajectory for a given institution will evolve this year.

## Yield/Cost of Funds at Big Banks (%)

	JPMorgan Chase			Wells Fargo & Co.			Commerce Bancshares			M&T Bank Corp.		
	Q1'13	Q1'12	Change (bps)	Q1'13	Q1'12	Change (bps)	Q1'13	Q1'12	Change (bps)	Q1'13	Q1'12	Change (bps)
Commercial & Industrial	n/a	n/a	n/a	3.73	4.18	-45	3.17	3.52	-35	3.66	3.71	-5
Commercial Real Estate	n/a	n/a	n/a	3.84	4.07	-23	4.17	4.57	-40	4.41	4.42	-1
1-4 Residential Mortgage	n/a	n/a	n/a	4.29	4.69	-40	4.08	4.58	-50	4.09	4.60	-51
Total Loans	4.78	5.14	-36	4.49	4.81	-32	4.49	4.95	-46	4.24	4.35	-11
Total Securities (TE)	2.19	2.60	-41	3.70	4.19	-49	2.12	2.56	-44	3.33	3.54	-21
COF - IB Deposits	0.28	0.38	-10	0.21	0.27	-6	0.25	0.32	-7	0.22	0.33	-11
<b>Net Interest Margin (TE)</b>	<b>2.37</b>	<b>2.61</b>	<b>-24</b>	<b>3.48</b>	<b>3.91</b>	<b>-43</b>	<b>3.07</b>	<b>3.45</b>	<b>-38</b>	<b>3.71</b>	<b>3.69</b>	<b>2</b>
30-day LIBOR (Q1 Avg.)	0.24	0.34	-10	<> base for C&I loans								
5-year Swap (Q1 Avg.)	0.97	1.17	-20	<> base for 5-year CRE loans								

n/a = Not Available, TE = Tax Equivalent, COF = Cost of Funds

Sources: Company quarterly reports and the Federal Reserve's H.15 (selected interest rates - daily)

Most investors view banks as early cyclical stocks — i.e., the shares tend to under- and outperform the market before the economy turns given the business model's leverage to change in asset quality. Overlaid is an aspect of an interest rate play whereby some banks are heavily levered to the rate cycle. Focused-commercial lenders, such as Comerica Inc., benefit from rising short rates given a preponderance of loans that price off 30-day LIBOR and are funded with non-interest bearing deposits. Lenders that focus on CRE and multifamily loans, such as New York Community Bancorp Inc., are levered to a steeper curve because much of the asset base is priced off five-year U.S. Treasuries or five-year swap rate.

I think the group is now transitioning to one of a broad trading range as long as credit remains benign. Valuations are cheap enough to protect against a hard sell-off, but valuation is not overly compelling absent a catalyst as was the case in fourth quarter 2011. Investors face the same issue that banks do in terms of yield. That need may lead to notably better performance by banks with stronger dividends. JPMorgan has been a great trade since mid-2012 when "Whale" concerns drove the shares into the mid-\$30s. The March CCAR process culminated with a 27% hike in the quarterly dividend to 38 cents per share.

Where from here? Think Commerce (2.3% yield; \$35-\$40 range) and Trustmark Corp. (3.8%; \$21-\$25), which sailed through the panic and recession compared to peers, but have tended to underperform as the credit recovery gained traction. Trustmark's recent acquisition of Mobile, Ala.-based BancTrust Financial Group Inc. may reinvigorate growth, however.

Periodic market breaks as occurred in third quarter 2011 will create the opportunity to build positions that entail good capital appreciation potential that the lack of revenue and earnings growth precludes. This outlook may pigeonhole most bank stocks as income plays, but income in a ZIRP world will become increasingly valuable. It also may mean that some bank investors will migrate to business development companies (BDCs) and perhaps commercial-focused mortgage REITs. Unlike banks, these entities do not have (stable) deposit funding and access to the Fed's discount window. But they make money and have some investment attributes that advantage them versus traditional banks as ZIRP and Washington's regulatory apparatus wreaks havoc on the bank business model.



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# Mercer Capital's Resources for Depository Institutions

The Financial Institutions Group of Mercer Capital works with hundreds of depository institutions annually providing a broad range of specialized resources for the financial services industry.

## Webinars Available for Replay

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### The Outlook for M&A in 2013

Our expectations for bank M&A in 2013, which follows a modest pick-up in activity in 2012 vis-à-vis 2011, are presented. Investors are anxious for M&A to increase given the earnings outlook, but seller expectations and regulatory actions are acting as a governor—at least for the now.

*View replay at <http://mer.cr/bnkweb1>*

### Understanding Deal Considerations

Key issues that we see when banks combine as it relates to valuing and evaluating a combination are reviewed. This is particularly critical when the consideration consists of shares issued by a buyer (or senior merger partner) whose shares are either privately held or are thinly traded.

*View replay at <http://mer.cr/bnkweb2>*

### How to Profit on a Distressed Transaction

Buyers have been leery of acquiring troubled banks in non-assisted deals. With a slowly recovering economy, we take a look at the opportunities and pitfalls or making an acquisition of a “turnaround” bank.

*View replay at <http://mer.cr/bnkweb3>*

## Complimentary Whitepaper

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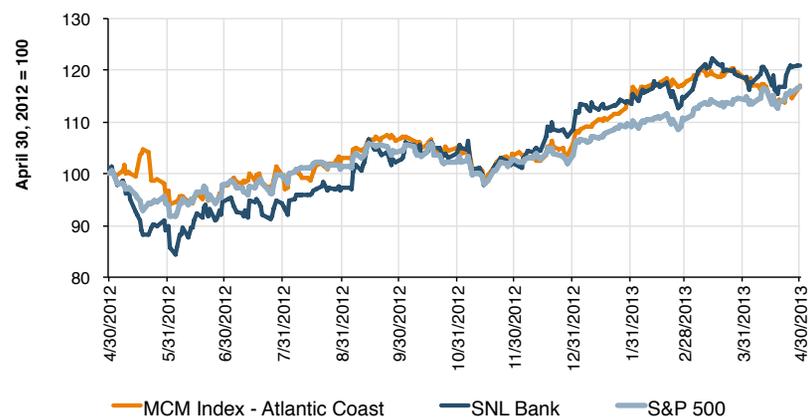
### Community Bank Mergers: Creating the Potential for Shared Upside

In this 2013 whitepaper we review financial issues arising when community banks merge or sell to a larger, public institution. It is not intended to answer every question and, in some instances, our intention is to raise questions for directors and managers to evaluate. In a series of follow-up papers and webinars we will address specific topics that merit further scrutiny.

*Download whitepaper at <http://mer.cr/community-bank-mergers>*



Community Bank Group Index Overview



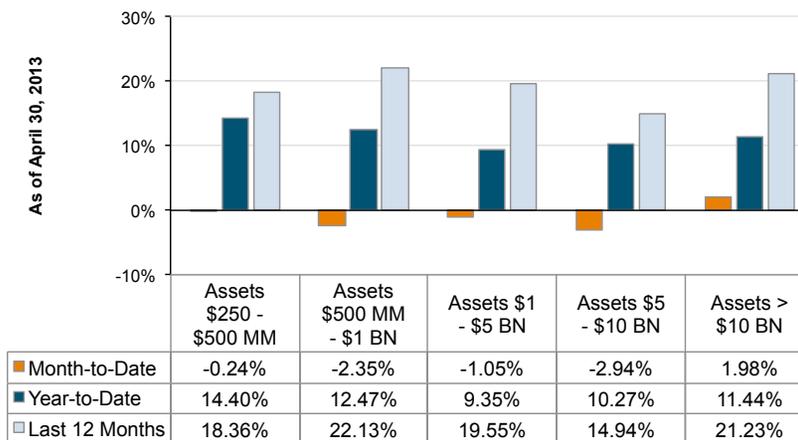
Median Valuation Multiples

as of April 30, 2013

	Atlantic Coast Community Bank Index	National Community Bank Index
Price / LTM EPS	13.68	12.41
Price / 2013 (E) EPS	13.16	12.75
Price / 2014 (E) EPS	13.42	12.39
Price / Book Value	94.13%	103.18%
Price / Tangible Book Value	97.01%	110.77%
Dividend Yield	2.37%	2.75%

Return Stratification of U.S. Banks

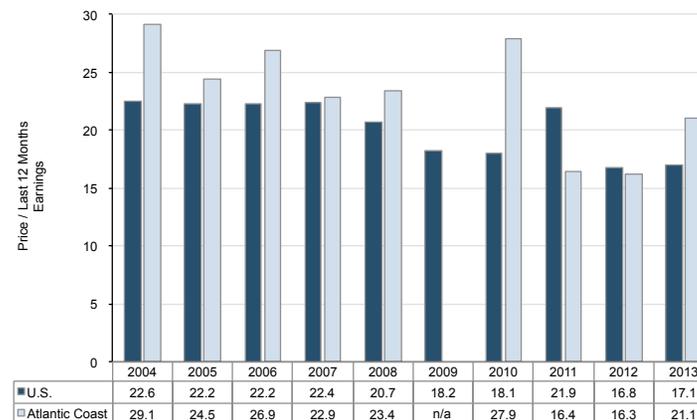
by Asset Size





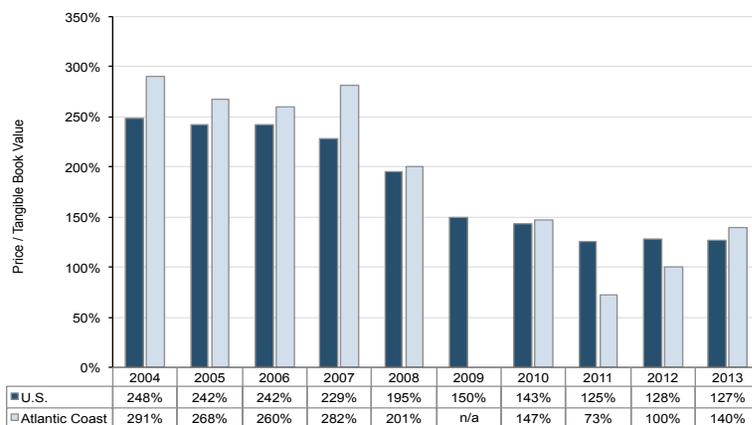
**Median Price/Earnings Multiples**

Target Banks Assets <\$5BN and LTM ROE >5%



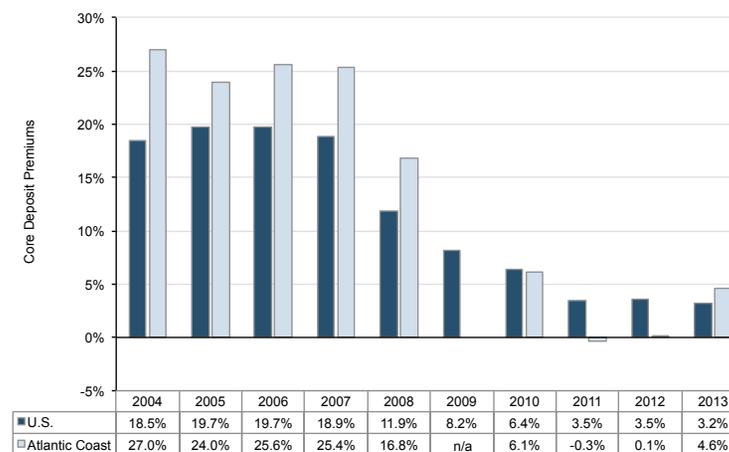
**Median Price/Tangible Book Value Multiples**

Target Banks Assets <\$5BN and LTM ROE >5%



**Median Core Deposit Multiples**

Target Banks Assets <\$5BN and LTM ROE >5%



Mercer Capital's Atlantic Coast Public Bank Peer Report

May 9, 2013

Price / Earnings																						
52 Wk Perf (%)	52 Wk High (\$)	52 Wk Low (\$)	Company Name	Ticker	State	Current Price (\$)	Market Cap (\$M)	LTM (x)	Core LTM (x)	FY 13	FY 14	Price/BVPS(x)	Price/Tang. BVPS (x)	Div. Yield(%)	Tang. Eq./Assets (%)	Eff. Ratio (%)	LTM ROE (%)	LTM ROA (%)	NPAs/Loans + OREO (%)	NCOs/Avg. Loans(%)	Loan Loss Res./Loans (%)	Assets (\$M)
30.25	14.24	8.26	Bancorp, Inc.	TBBK	DE	\$12.96	\$483	22.34	22.10	17.52	11.61	1.11	1.42	nm	8.23	61.07	6.68	0.57	NA	1.03	1.75	4,132,095.00
<b>30.25</b>			<b>Median - Delaware</b>					<b>22.34</b>	<b>22.10</b>	<b>17.52</b>	<b>11.61</b>	<b>1.11</b>	<b>1.42</b>	<b>...</b>	<b>8.23</b>	<b>61.07</b>	<b>6.68</b>	<b>0.57</b>	<b>...</b>	<b>1.03</b>	<b>1.75</b>	<b>\$4,132,095</b>
15.29	\$6.83	\$5.30	1st United Bancorp, Inc.	FUBC	FL	\$6.56	\$225	38.59	35.47	24.46	18.44	0.94	1.27	0.61%	11.77	78.05	2.34	0.35	5.98	1.44	1.03	\$1,561,449
8.94	\$28.69	\$22.01	BankUnited, Inc.	BKU	FL	\$25.55	\$2,567	12.52	13.23	15.21	15.35	1.39	1.45	3.29%	14.00	44.67	11.90	1.66	NA	0.32	1.04	\$12,745,930
NA	\$18.62	\$15.14	Capital Bank Financial Corporation	CBF	FL	\$17.50	\$563	16.36	16.58	20.14	13.95	0.84	nm	nm	NA	69.14	5.05	0.81	NA	0.19	1.22	\$7,083,880
51.92	\$12.64	\$6.35	Capital City Bank Group, Inc.	CCBG	FL	\$11.85	\$205	NM	81.64	42.59	33.26	0.83	1.25	0.00%	6.49	88.73	0.84	0.08	10.30	1.04	1.90	\$2,605,313
7.89	\$9.22	\$6.55	CenterState Banks, Inc.	CSFL	FL	\$8.49	\$256	19.74	19.41	15.91	14.80	0.93	1.14	0.47%	9.60	73.56	4.84	0.54	3.57	0.61	1.78	\$2,389,239
(80.00)	\$3.60	\$0.53	Jacksonville Bancorp, Inc.	JAXB	FL	\$0.54	\$29	NM	NM	NM	NM	0.21	0.23	nm	2.44	90.38	(188.47)	(7.55)	8.43	6.89	5.07	\$565,057
(58.64)	\$0.92	\$0.36	OptimumBank Holdings, Inc.	OPHC	FL	\$0.36	\$11	NM	NA	NM	NM	nm	nm	nm	NA	NA	NA	NA	NA	NA	NA	NA
36.00	\$2.25	\$1.32	Seacoast Banking Corporation of Florida	SBCF	FL	\$2.04	\$193	NM	NM	37.09	23.72	1.64	1.66	0.00%	5.29	89.18	0.24	0.02	6.93	1.00	1.73	\$2,202,049
<b>8.94</b>			<b>Median - Florida</b>					<b>18.05</b>	<b>19.41</b>	<b>22.30</b>	<b>16.90</b>	<b>0.93</b>	<b>1.26</b>	<b>0.47%</b>	<b>8.04</b>	<b>78.05</b>	<b>2.34</b>	<b>0.35</b>	<b>6.93</b>	<b>1.00</b>	<b>1.73</b>	<b>\$2,389,239</b>
18.90	\$17.38	\$12.83	BCSB Bancorp, Inc.	BCSB	MD	\$16.61	\$53	31.94	22.51	NM	NM	0.95	0.95	0.00%	8.67	76.63	3.12	0.27	NA	0.41	1.72	\$642,295
0.73	\$5.94	\$4.52	Carrollton Bancorp	CRRB	MD	\$5.54	\$52	NM	NM	NM	NM	0.61	0.61	0.00%	6.36	81.56	(0.32)	(0.03)	5.04	0.41	1.57	\$365,186
45.13	\$23.87	\$15.36	Eagle Bancorp, Inc.	EGBN	MD	\$23.70	\$554	13.78	13.73	12.72	12.12	1.82	NM	0.00%	NA	49.47	12.13	1.25	1.94	0.34	1.45	\$3,324,865
38.59	\$9.00	\$4.05	First United Corporation	FUNC	MD	\$8.26	\$51	6.77	7.50	nm	NM	0.71	0.84	0.00%	4.65	75.51	9.46	0.69	NA	0.37	1.91	\$1,322,767
22.46	\$12.95	\$9.69	Glen Burnie Bancorp	GLBZ	MD	\$12.00	\$33	13.33	13.85	NM	NM	0.98	0.98	3.33%	8.60	77.61	7.47	0.65	NA	NA	NA	\$388,867
20.00	\$9.55	\$6.01	Howard Bancorp, Inc.	HBMD	MD	\$7.50	\$30	23.44	24.36	nm	NM	0.88	0.88	nm	8.49	74.39	3.89	0.46	NA	0.49	0.90	\$407,321
19.07	\$13.35	\$9.46	Old Line Bancshares, Inc.	OLBK	MD	\$12.90	\$88	12.65	NA	10.99	9.39	1.18	1.25	1.24%	8.16	63.20	10.10	0.82	NA	NA	NA	\$868,986
18.82	\$20.95	\$16.66	Sandy Spring Bancorp, Inc.	SASR	MD	\$20.47	\$511	13.12	12.36	12.92	12.94	1.04	1.27	3.13%	10.44	59.94	8.14	1.00	2.09	0.28	1.58	\$3,932,026
28.62	\$7.60	\$4.65	Shore Bancshares, Inc.	SHBI	MD	\$7.37	\$62	NM	NM	66.71	26.37	0.55	0.64	0.00%	9.02	74.86	(5.43)	(0.55)	11.68	2.41	2.00	\$1,104,611
<b>20.00</b>			<b>Median - Maryland</b>					<b>13.33</b>	<b>13.79</b>	<b>12.82</b>	<b>12.53</b>	<b>0.95</b>	<b>0.91</b>	<b>0.00%</b>	<b>8.54</b>	<b>74.86</b>	<b>7.47</b>	<b>0.65</b>	<b>3.56</b>	<b>0.41</b>	<b>1.58</b>	<b>\$868,986</b>
67.76	\$13.18	\$6.72	Bank of America Corporation	BAC	NC	\$12.91	\$139,175	40.34	32.35	14.13	10.05	0.64	0.97	0.31%	6.85	82.91	2.12	0.23	4.23	1.46	2.41	\$2,174,819,000
3.83	\$34.37	\$26.86	BB&T Corporation	BBT	NC	\$31.35	\$21,998	13.17	12.79	12.17	10.16	1.15	1.90	2.93%	6.68	55.32	9.04	1.02	2.45	1.07	1.68	\$180,837,000
42.76	\$10.88	\$6.72	BNC Bancorp	BNCN	NC	\$10.46	\$214	20.92	79.95	14.93	10.84	1.09	1.25	1.91%	7.64	67.19	5.31	0.48	3.70	1.98	1.84	\$2,929,191
98.50	\$12.00	\$4.60	Carolina Bank Holdings, Inc.	CLBH	NC	\$11.93	\$40	5.99	6.03	nm	NM	1.02	1.02	nm	5.89	64.02	15.44	1.18	NA	0.65	2.01	\$674,764
10.15	\$3.28	\$2.05	Carolina Trust Bank	CART	NC	\$2.82	\$13	NM	NM	NM	NM	0.58	0.59	nm	7.98	69.77	(1.11)	(0.10)	7.91	0.97	2.24	\$275,597
(26.46)	\$6.15	\$3.51	Crescent Financial Bancshares, Inc.	CRFN	NC	\$4.17	\$192	NM	NA	29.93	11.64	1.01	1.25	nm	10.96	85.05	1.70	0.27	NA	0.31	0.69	\$1,116,042
48.33	\$13.99	\$7.68	First Bancorp	FBNC	NC	\$13.89	\$273	NM	NM	17.80	15.37	0.95	1.26	2.30%	6.76	56.78	(4.34)	(0.46)	3.87	NA	2.07	\$3,280,945
14.08	\$194.00	\$155.00	First Citizens BancShares, Inc.	FCNCA	NC	\$193.55	\$1,850	12.54	NA	NM	NM	0.97	1.03	0.62%	8.53	67.62	8.04	0.73	NA	0.29	2.07	\$21,351,012
36.82	\$6.88	\$3.70	First South Bancorp, Inc.	FSBK	NC	\$6.54	\$64	NM	NM	nm	NM	0.85	0.90	0.00%	10.37	66.77	(11.74)	(1.37)	NA	5.70	1.95	\$690,958
(59.81)	\$29.60	\$5.91	FNB United Corp.	FNBN	NC	\$6.78	\$147	NM	NM	nm	NM	1.65	1.89	0.00%	3.73	99.78	(31.48)	(1.52)	12.11	1.73	2.65	\$2,093,311
37.23	\$6.65	\$4.19	New Century Bancorp, Inc.	NCBC	NC	\$6.45	\$45	13.16	NA	NM	NM	0.81	0.82	nm	9.62	74.32	6.16	0.58	NA	0.32	2.15	\$567,516
36.18	\$6.48	\$3.74	NewBridge Bancorp	NBCC	NC	\$6.06	\$153	NM	NM	9.57	11.05	1.17	1.19	0.00%	8.48	68.43	(12.66)	(1.28)	NA	3.01	2.22	\$1,712,079
(16.52)	\$5.65	\$2.56	Oak Ridge Financial Services, Inc.	BKOR	NC	\$4.60	\$8	NM	NM	NM	NM	0.45	0.45	nm	5.43	79.86	(7.05)	(0.55)	6.75	1.87	2.10	\$342,851
25.27	\$6.06	\$3.89	Park Sterling Corporation	PSTB	NC	\$5.70	\$254	40.71	26.02	16.99	14.78	0.98	1.13	nm	11.51	72.55	2.59	0.40	2.43	0.10	0.80	\$1,983,571
43.64	\$11.90	\$7.70	Peoples Bancorp of North Carolina, Inc.	PEBK	NC	\$11.61	\$65	12.76	14.55	nm	NM	0.76	0.76	1.03%	8.42	73.95	5.87	0.58	NA	0.96	2.35	\$1,018,280
31.79	\$4.23	\$2.41	Yadkin Valley Financial Corporation	YAVY	NC	\$3.98	\$164	NM	NM	12.84	11.06	1.17	1.19	0.00%	7.83	70.66	(4.50)	(0.39)	3.45	3.19	1.85	\$1,846,592
<b>33.98</b>			<b>Median - North Carolina</b>					<b>13.17</b>	<b>20.29</b>	<b>14.53</b>	<b>11.06</b>	<b>0.98</b>	<b>1.08</b>	<b>0.46%</b>	<b>7.90</b>	<b>70.22</b>	<b>1.91</b>	<b>0.25</b>	<b>3.87</b>	<b>1.07</b>	<b>2.07</b>	<b>\$1,779,336</b>

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17.97	\$13.20	\$10.36	Bank of South Carolina Corporation	BKSC	SC	\$12.86	\$57	15.31	NA	NM	NM	nm	nm	3.73%	NA	NA	NA	1.18	NA	NA	NA	\$328,648
12.71	\$9.25	\$7.60	First Community Corporation	FCCO	SC	\$9.13	\$48	11.27	10.10	11.64	12.52	0.88	0.89	2.19%	8.65	68.18	7.79	0.70	2.76	0.19	1.34	\$625,855
109.66	\$21.64	\$8.49	First Financial Holdings, Inc.	FFCH	SC	\$21.01	\$348	12.29	14.49	18.20	18.88	1.45	1.50	0.95%	7.23	66.40	11.01	0.99	2.01	1.09	1.89	\$3,216,647
114.62	\$15.95	\$6.50	Palmetto Bancshares, Inc.	PLMT	SC	\$13.95	\$178	NM	NM	NM	NM	1.78	1.78	0.00%	9.08	76.93	0.92	0.08	NA	2.23	2.37	\$1,099,291
56.77	\$51.68	\$31.50	SCBT Financial Corporation	SCBT	SC	\$50.21	\$855	23.25	18.14	16.01	12.56	1.66	2.19	1.43%	7.76	66.87	7.45	0.74	2.86	0.69	2.00	\$5,141,929
160.29	\$6.85	\$1.76	Southcoast Financial Corporation	SOCB	SC	\$5.50	\$34	10.41	11.52	NM	NM	0.96	0.96	nm	7.98	77.19	9.79	0.75	NA	0.81	2.40	\$441,836
42.35	\$11.35	\$7.09	Southern First Bancshares, Inc.	SFST	SC	\$11.00	\$47	15.26	16.22	NM	NM	0.97	0.97	nm	5.92	62.99	6.43	0.53	2.67	0.68	1.41	\$821,705
<b>56.77</b>			<b>Median - South Carolina</b>					<b>13.77</b>	<b>14.49</b>	<b>16.01</b>	<b>12.56</b>	<b>1.21</b>	<b>1.23</b>	<b>1.43%</b>	<b>7.87</b>	<b>67.52</b>	<b>7.62</b>	<b>0.74</b>	<b>2.71</b>	<b>0.78</b>	<b>1.94</b>	<b>\$821,705</b>
10.19	\$18.07	\$10.90	Access National Corporation	ANCX	VA	\$12.79	\$132	7.39	7.39	11.35	12.69	1.41	1.41	3.13%	10.72	64.81	19.60	2.14	NA	0.02	1.81	\$876,361
(6.75)	\$23.99	\$18.50	American National Bankshares Inc.	AMNB	VA	\$21.23	\$167	10.46	9.96	11.37	13.75	1.01	1.37	4.33%	9.73	53.27	9.91	1.23	NA	0.11	1.57	\$1,294,063
36.31	\$8.37	\$5.15	Bank of the James Financial Group, Inc.	BOTJ	VA	\$7.47	\$25	9.58	NA	NM	NM	0.84	0.84	nm	7.00	76.50	9.14	0.59	2.67	0.67	1.69	\$428,086
46.45	\$47.98	\$29.51	C&F Financial Corporation	CFFI	VA	\$43.50	\$142	8.81	8.81	NM	NM	1.36	1.51	2.67%	9.59	60.62	16.89	1.74	2.06	1.86	4.71	\$993,377
11.46	\$62.92	\$47.99	Capital One Financial Corporation	COF	VA	\$59.15	\$34,544	11.01	NA	9.04	8.90	0.85	nm	2.03%	NA	53.81	8.09	1.06	NA	1.93	2.33	\$300,163,000
31.33	\$18.40	\$10.98	Cardinal Financial Corporation	CFNL	VA	\$15.46	\$468	10.45	10.43	13.31	12.39	1.49	1.54	1.55%	10.80	52.20	15.19	1.62	NA	0.13	1.17	\$2,818,232
49.30	\$3.74	\$1.62	Community Bankers Trust Corporation	ESXB	VA	\$3.21	\$70	14.59	14.21	NM	NM	0.70	0.78	0.00%	8.05	80.01	5.15	0.53	NA	0.47	1.92	\$1,117,101
31.75	\$7.50	\$3.51	Eastern Virginia Bankshares, Inc.	EVBS	VA	\$5.27	\$32	14.24	NA	9.33	NM	0.42	0.53	0.00%	5.62	83.41	3.78	0.35	2.85	1.00	2.91	\$1,093,682
(1.50)	\$13.45	\$9.01	Fauquier Bankshares, Inc.	FBSS	VA	\$12.18	\$45	22.14	23.28	nm	nm	0.94	0.94	3.94%	8.08	68.79	4.28	0.35	4.26	1.38	1.35	\$596,767
40.92	\$3.30	\$2.04	First Capital Bancorp, Inc.	FCVA	VA	\$3.10	\$38	NM	NA	NM	NM	0.90	0.90	nm	8.01	88.51	(11.56)	(1.04)	NA	2.44	1.89	\$526,299
20.93	\$16.35	\$11.66	First Community Bancshares, Inc.	FCBC	VA	\$15.23	\$304	10.96	10.10	11.52	11.30	0.89	1.31	3.15%	8.93	55.75	8.55	1.12	3.09	0.45	1.47	\$2,720,291
(54.39)	\$3.65	\$1.01	Hampton Roads Bankshares, Inc.	HMPR	VA	\$1.30	\$221	NM	NA	NM	nm	nm	nm	0.00%	NA	83.63	(7.78)	(0.59)	NA	2.38	3.09	\$2,032,342
12.08	\$20.89	\$15.34	Middleburg Financial Corporation	MBRG	VA	\$18.10	\$128	20.57	29.55	23.13	20.99	1.11	1.17	1.10%	9.01	75.47	7.14	0.66	4.36	0.50	1.77	\$1,213,756
31.37	\$11.40	\$7.52	Monarch Financial Holdings, Inc.	MNRK	VA	\$10.80	\$112	8.12	NA	9.50	8.73	1.24	1.25	1.85%	8.51	79.58	17.76	1.39	0.38	0.26	1.15	\$1,054,975
18.08	\$37.14	\$28.50	National Bankshares, Inc.	NKSH	VA	\$33.59	\$233	13.38	12.90	14.20	14.02	1.52	1.62	3.39%	13.24	41.86	11.71	1.61	3.44	0.49	1.44	\$1,098,503
17.45	\$14.73	\$10.17	Old Point Financial Corporation	OPOF	VA	\$12.76	\$63	15.95	26.82	NM	NM	0.72	0.72	1.57%	9.90	84.75	4.53	0.45	NA	0.69	1.59	\$890,839
48.11	\$12.00	\$6.75	Southern National Bancorp of Virginia, Inc.	SONA	VA	\$9.96	\$115	18.79	24.62	16.60	15.83	1.11	1.23	2.41%	13.32	54.42	6.06	0.89	NA	1.22	1.42	\$714,890
29.20	\$16.50	\$11.50	StellarOne Corporation	STEL	VA	\$15.13	\$344	15.44	14.88	14.52	13.80	0.80	1.10	2.64%	10.72	68.13	5.29	0.76	2.73	0.38	1.34	\$3,013,889
21.90	\$16.16	\$11.79	TowneBank	TOWN	VA	\$14.32	\$452	13.26	14.09	NM	nm	1.06	1.47	2.51%	7.22	65.82	7.38	0.96	3.10	0.48	1.24	\$4,375,164
49.16	\$20.25	\$13.38	Union First Market Bankshares Corporation	UBSH	VA	\$19.45	\$483	13.70	12.49	12.76	12.30	1.12	1.36	2.67%	8.97	64.11	8.30	0.91	3.44	0.54	1.11	\$4,051,135
17.48	\$10.50	\$7.76	Valley Financial Corporation	VYFC	VA	\$9.55	\$46	8.38	9.79	7.74	8.69	0.89	0.89	1.47%	6.45	63.14	10.07	0.83	5.96	0.30	1.51	\$793,548
43.79	\$2.57	\$0.61	Village Bank and Trust Financial Corp.	VBFC	VA	\$1.97	\$8	NM	NM	NM	NM	0.80	0.83	nm	1.97	78.23	(32.28)	(1.95)	18.77	3.49	2.85	\$510,087
82.38	\$14.29	\$7.48	Virginia Commerce Bancorp, Inc.	VCBI	VA	\$13.66	\$445	19.80	20.47	17.44	16.40	1.75	1.75	nm	8.80	51.28	10.35	1.01	3.57	0.65	1.91	\$2,883,388
13.79	\$13.33	\$9.29	WashingtonFirst Bankshares, Inc.	WFBI	VA	\$11.65	\$73	21.88	12.44	NM	NM	0.98	1.03	nm	7.78	62.76	4.04	0.38	NA	0.48	0.81	\$1,064,382
42.50	\$6.15	\$3.51	Xenith Bankshares, Inc.	XBKS	VA	\$5.70	\$60	8.03	8.14	34.56	19.75	0.75	0.94	nm	11.26	78.44	8.82	1.38	1.16	0.22	1.14	\$579,853
<b>29.20</b>			<b>Median - Virginia</b>					<b>13.32</b>	<b>12.70</b>	<b>12.76</b>	<b>13.22</b>	<b>0.96</b>	<b>1.17</b>	<b>2.41%</b>	<b>8.93</b>	<b>65.82</b>	<b>8.09</b>	<b>0.89</b>	<b>3.10</b>	<b>0.50</b>	<b>1.57</b>	<b>\$1,093,682</b>
20.65	\$40.25	\$30.70	City Holding Company	CHCO	WV	\$38.94	\$610	15.89	13.59	13.08	12.58	1.67	2.11	3.80%	8.61	53.43	11.01	1.24	2.78	0.23	0.79	\$3,428,597
12.56	\$17.40	\$13.76	First West Virginia Bancorp, Inc.	FWV	WV	\$16.56	\$28	11.64	NA	nm	nm	0.81	0.85	4.59%	10.70	74.18	7.29	0.81	NA	NA	NA	\$313,825
58.72	\$12.50	\$6.75	Premier Financial Bancorp, Inc.	PFBF	WV	\$12.31	\$98	10.17	11.21	nm	NM	0.73	0.97	3.57%	9.36	56.75	6.85	0.88	NA	0.27	1.76	\$1,111,751
35.25	\$9.55	\$3.60	Summit Financial Group, Inc.	SMMF	WV	\$8.25	\$61	13.75	14.70	NM	NM	0.61	0.66	0.00%	6.69	55.12	5.39	0.41	NA	0.98	1.77	\$1,390,198
6.42	\$27.24	\$22.54	United Bankshares, Inc.	UBSI	WV	\$25.76	\$1,297	15.61	14.30	14.64	13.85	1.30	2.11	4.81%	7.76	53.05	8.35	0.99	2.09	0.29	1.15	\$8,313,828
27.00	\$25.52	\$19.70	WesBanco, Inc.	WSBC	WV	\$24.92	\$728	12.85	12.13	11.91	11.61	1.00	1.81	3.05%	6.97	59.54	7.91	0.93	1.95	0.54	1.40	\$6,085,448
<b>23.83</b>			<b>Median - West Virginia</b>					<b>13.30</b>	<b>13.59</b>	<b>13.08</b>	<b>12.58</b>	<b>0.91</b>	<b>1.39</b>	<b>3.69%</b>	<b>8.19</b>	<b>55.94</b>	<b>7.60</b>	<b>0.91</b>	<b>2.09</b>	<b>0.29</b>	<b>1.40</b>	<b>\$2,409,398</b>
<b>27.26</b>			<b>Average</b>					<b>15.72</b>	<b>18.72</b>	<b>17.66</b>	<b>14.32</b>	<b>1.02</b>	<b>1.16</b>	<b>1.69%</b>	<b>8.32</b>	<b>69.18</b>	<b>1.66</b>	<b>0.42</b>	<b>4.55</b>	<b>1.08</b>	<b>1.81</b>	<b>\$39,683,158</b>
<b>27.00</b>			<b>Median</b>					<b>13.36</b>	<b>14.15</b>	<b>14.36</b>	<b>12.69</b>	<b>0.97</b>	<b>1.14</b>	<b>1.55%</b>	<b>8.45</b>	<b>68.61</b>	<b>6.29</b>	<b>0.65</b>	<b>3.44</b>	<b>0.65</b>	<b>1.76</b>	<b>\$1,117,101</b>

# Mercer Capital

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