

MERCER CAPITAL

# Financial Institutions Group

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BUSINESS VALUATION &  
FINANCIAL ADVISORY SERVICES

[WWW.MERCERCAPITAL.COM](http://WWW.MERCERCAPITAL.COM)

# Mercer Capital

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Mercer Capital is a national valuation and financial advisory firm. Clients include private and public companies, financial institutions, high-net worth families, and private equity/hedge funds.

Industries served fall into three broad categories:

- Operating Companies
- Financial Institutions
- Asset Holding Companies

Our suite of services encompasses two integrated service areas: valuation advisory and opinions & financial advisory services.

## Valuation Advisory & Opinions

- Corporate transactions
- Tax compliance and reporting
- Employee benefit plans
- Financial reporting
- Litigation support

## Financial Advisory

- Mergers and acquisitions
- Fairness opinions
- Solvency opinions
- Corporate and strategic advisory

The valuation advisory & opinions and financial advisory service lines are interrelated. The technical discipline of providing well-grounded valuation opinions is buttressed by real world experience gained in providing advisory services. Likewise, the market-centered orientation of financial advisory services has as its foundation a keen understanding of valuation drivers.

# Financial Institutions

Financial institutions are the cornerstone of Mercer Capital's practice.



■ Mercer Capital has assisted financial Institutions throughout the United States

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Founded in 1982, in the midst of and in response to a previous crisis affecting the financial services industry, Mercer Capital has witnessed the industry's cycles. Today, as in 1982, Mercer Capital's largest industry concentration is financial institutions.

Despite industry cycles, Mercer Capital's approach has remained the same – understanding key factors driving the industry, identifying the impact of industry trends on our clients, and delivering a reasoned and supported analysis in light of industry and client specific trends.

The Financial Institutions Group of Mercer Capital provides a broad range of specialized advisory services to the financial services industry.

## The Financial Institutions Group broadly assists:

- Depository institutions
- Private equity, hedge funds, and traditional asset managers
- Insurance companies
- Specialty finance and real estate investment companies
- Investment funds

The unifying element of Mercer Capital's services for financial institutions is its in-depth industry knowledge, gleaned from thirty five years of experience and over one thousand engagements.

# Sectors Served

# Depository Institutions

Mercer Capital assists banks, thrifts, and credit unions with significant corporate valuation requirements, transactional advisory services, and other strategic decisions.



■ Mercer Capital has assisted depositories throughout the United States

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## Mercer Capital 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
- Extensive work providing fair value opinions (purchase price allocations) of loan portfolios and core deposits of acquired depositories

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.

Mercer Capital is a thought-leader among valuation firms in the banking industry. In addition to scores of articles and five books, *Creating Strategic Value Through Financial Technology* (2017), *The ESOP Handbook for Banks* (2011), *Acquiring a Failed Bank* (2010), *The Bank Director's Valuation Handbook* (2009) and *Valuing Financial Institutions* (1992). Mercer Capital representatives speak at industry and professional conferences. The Financial Institutions Group of Mercer Capital publishes *Bank Watch*, a monthly e-mail newsletter covering five U.S. regions. Jeff Davis, Managing Director, is an editorial contributor to SNL Financial.

# Investment Management

Mercer Capital provides investment managers with business valuation and financial advisory services related to corporate disputes, litigated matters, and financial reporting requirements. Mercer Capital also provides transaction advisory and consulting-related services to the investment management industry.

## Industry Segments

Mercer Capital actively serves the following industry segments:

- Registered Investment Advisors
- Hedge Fund Managers
- Mutual Fund Companies
- Investment Consultants
- Independent Trust Companies
- Bank Trust Departments
- Investment Consultants
- Broker/Dealers

## Mercer Capital Experience

- Valued start up managers with as little as \$50 million in assets under management to established industry leaders managing over \$400 billion
- Negotiated transactions involving investment managers from sell-side, buy-side, and mutually retained (MoE) perspectives
- Provided financial statement reporting services related to purchase price allocation and goodwill impairment testing
- Provided expert witness testimony for purposes of marital dissolution and shareholder disputes
- Assisted RIAs and other investment managers with annual ESOP valuations, fairness opinions, and appraisals for gift and estate tax compliance

The Financial Institutions Group of Mercer Capital publishes a quarterly newsletter (*Value Focus: Asset Management Industry*) and weekly blog post (*RIA Valuation Insights*) on current trends in the investment manager space.

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# Financial Technology

Mercer Capital provides FinTech companies, from start-ups to more mature companies, and their partners with valuation, financial advisory, and consulting services.

## Industry Segments

Mercer Capital actively serves the following industry segments:

- Payments
- Solutions
- Technology

## Mercer Capital Experience

- Valued both early-stage FinTech companies as well as more mature FinTechs
- The purpose of the valuations of FinTech companies has varied from equity compensation to corporate and shareholder planning
- Provided valuation, due diligence, and advisory services to Financial Institutions considering acquisitions/ investments in FinTech companies
- Provided valuations of intangible assets of FinTech companies for financial statement reporting services related to purchase price allocation

The Financial Institutions Group of Mercer Capital publishes a quarterly newsletter (*Value Focus: FinTech*). In addition, Jay Wilson recently authored the book, *Creating Strategic Through Financial Technology* (Wiley Financial, 2017) covering the space.

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# Insurance

Mercer Capital provides the insurance industry with corporate valuation, financial reporting, transaction advisory, and related services.

## Industry Segments

Mercer Capital actively serves the following industry segments:

### Agencies

- Independent agencies and brokerages
- Bank-owned agencies
- Retail, wholesale, and MGAs

### Underwriters

- P&C, life & health, and managed care
- Reinsurance
- Captives and risk retention groups

### Services

- Third-party administrators
- Claims adjusters and other service providers
- Financial sponsors and industry lending platforms

## Mercer Capital Experience

- Nationwide client base
- Agency clients include single office agencies, public brokers, and private equity backed firms
- Underwriter clients range from monoline privates to publicly traded multi-line carriers

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# Specialty Finance

Mercer Capital provides specialty finance companies and REITs with corporate valuation, portfolio valuation, financial reporting valuation, transaction advisory, and related services.

## Industry Segments

Mercer Capital actively serves the following industry segments:

- REITs
- Mortgage banking companies
- Niche consumer and commercial lenders

## Mercer Capital Experience

- Provide services to a host of consumer lending niches, including providers of residential mortgages, credit cards, automobile loans, and small consumer loans
- Experience with residential mortgage lenders ranges from companies with annual origination volume of less than \$100 million to entities among the top 20 residential mortgage lenders
- Experience among commercial lenders includes asset-based lenders and niche commercial real estate loan originators
- Valued securities issued by privately held REITs and provided financial opinions on behalf of publicly traded REITs in connection with corporate transactions

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# Investment Funds

Mercer Capital provides portfolio valuation services, assisting investment managers price illiquid equity, fixed income, and hybrid securities.

## Industry Segments

Mercer Capital actively serves the following industry segments:

- Business development companies
- Private equity managers
- Private credit funds
- Regulated investment companies

## Mercer Capital Experience

- Consulted regarding valuations of positions held by publicly traded BDCs in notes and other securities issued by privately held businesses
- Reviewed valuations of illiquid securities held by private equity funds, including investments in debt and equity securities of financial services companies

The Financial Institutions Group of Mercer Capital publishes a quarterly e-mail newsletter Portfolio Valuation: *Private Equity & Venture Capital Marks & Trends*.

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# Services Offered

# Advisory Services

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The period since late 2007 has been marked by incredible change in the financial services industry, which has seen the industry recapitalize while operating in a difficult interest rate and regulatory environment. Positioning for the current climate, while recognizing the uncertainties affecting the industry's outlook, remains challenging.

For some institutions, opportunity may result in a renewed interest in acquiring; others may look to sell due to regulatory, revenue and/or other challenges. Many more will continue to evaluate an evolving landscape while planning a potential move. Value-related matters will run the gamut from ESOP transactions as a partial exit to setting an exchange ratio for a merger.

## Advisory Services

- Strategic consulting
- Buy-side and sell-side financial advisory services
- Fairness opinions
- Advisory and consultation regarding capital transactions (raising, deploying, and restructuring capital)

## Representative Sector-Specific Services

### Depository Institutions

- Capital planning and consulting
- Branch transactions
- Regulatory-assisted transactions
- Bank stress testing

### Investment Management

- Valuations for internal shareholder transactions
- Merger consulting
- Portfolio valuation

### Insurance

- Valuations for internal shareholder transactions
- Acquisition consulting
- Portfolio valuation

# Corporate Valuation Services

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Absent a liquid trading market for their securities, privately held financial institutions turn to Mercer Capital for valuations of their equity securities. For publicly traded financial institutions, Mercer Capital provides valuation opinions related to divisions of the institution, in the context of internal reorganizations or restructurings, and in situations for which the institution's market price may not be an appropriate indicator of value.

## Corporate Valuation Services

- Equity transactions (share repurchases, issuances, and conversions)
- Corporate transactions (recapitalizations, divestitures, reorganizations, and the like)
- Employee benefit plans (ESOPs, KSOPs, stock option plans, and restricted stock)
- Tax compliance (income, estate, and gift)
- Buy/sell agreement consulting and the valuation of securities with contractual restrictions on transfer
- Valuation of complex securities (convertibles, options, warrants, and the like)
- Valuation of securities with impaired marketability
- Litigation support

# Financial Reporting

Mercer Capital provides services to financial institutions to assist in their compliance with Generally Accepted Accounting Principles and the International Financial Reporting Standards.

## Financial Reporting Services

- Purchase price allocations (ASC 805)
- Stock-based compensation (ASC 718)
- Goodwill impairment (ASC 350)
- Illiquid financial instruments (ASC 820)
- Financial Instruments (ASC 825)
- Portfolio investments held by business development companies, private equity firms, and the like

## Representative Sector-Specific Services

### Depository Institutions

- Loan portfolios
- Depository customer relationship intangible assets (core deposit intangible assets)
- Non-maturity deposits and other funding transactions
- Subordinated debt, trust preferred securities, and preferred stock

### Investment Management

- Purchase accounting
- Impairment testing
- Equity compensation
- Portfolio valuation

### Insurance

- Purchase accounting
- Impairment testing
- Equity compensation
- Fair value measurement for illiquid securities
- Portfolio valuation


# Selected Transactions

# Selected Transactions



Louisville, KY

has partnered with



Chicago, IL

Mercer Capital served as financial advisor to Aspirant



Sioux Falls, SD

has announced it's intent to acquire a bank branch in Sioux City, Iowa from



Spicer, MN

Mercer Capital served as financial advisor to Levo



Kalamazoo, Michigan

has signed a definitive agreement to acquire



Gurnee, Illinois

Mercer Capital served as financial advisor to Advia Credit Union



Camden, TN

has acquired two branches from



Greenville, SC

Mercer Capital served as the exclusive financial advisor to Apex Bank



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



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



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



# Selected Transactions



**Stifel Financial**  
St. Louis, Missouri

has acquired



**Vining-Sparks IBG, L.P.**  
Memphis, Tennessee

Mercer Capital provided financial advisory services and rendered a fairness opinion on behalf of Vining-Sparks



**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



**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



**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



Indian Land, South Carolina

agreed to purchase two branches of



Little Rock, Arkansas

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



**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.



**CapStar Bank**  
Nashville, Tennessee

has agreed to acquire

**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



*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.

# Selected Transactions



**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.



**Simmons Bank**  
**Simmons First National Corp.**  
Pine Bluff, Arkansas

has agreed to acquire



**The Landrum Company**  
Columbia, Missouri

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



**Pinnacle Financial Partners**  
Nashville, Tennessee

has agreed to acquire



**Advocate Capital, Inc.**  
Nashville, Tennessee

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



Parchment, Michigan

acquired



Woodstock, Illinois

Mercer Capital served as financial advisor to Advia Credit Union



**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.



**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.

**Private Investor**  
**Gaylon Lawrence, Jr.**

Memphis, Tennessee

acquired

**Volunteer State Bancshares, Inc.**  
Portland, Tennessee

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



Parchment, Michigan

acquired



Elkhorn, Wisconsin

Mercer Capital served as financial advisor to Advia Credit Union

# Selected Transactions



ATLANTIC COMMUNITY BANKERS BANK  
Camp Hill, Pennsylvania

acquired



Glastonbury, Connecticut

Mercer Capital provided valuation services to both entities in connection with the transaction



Florence, Alabama

acquired

**First Southern Bancshares, Inc.**

Florence, Alabama

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



**Simmons First National Corp**

Pine Bluff, Arkansas

acquired

**First Texas BHC, Inc.**

Fort Worth, Texas

Mercer Capital served as financial advisor & rendered a fairness opinion on behalf of Simmons First National Corp.



**Simmons First National Corp**

Pine Bluff, Arkansas

acquired



*Southwest Bancorp, Inc.*

Stillwater, Oklahoma

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



Batesville, Arkansas

acquired



**Little River Bancshares, Inc.**

Lepanto, Arkansas

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



**Simmons First National Corp.**

Pine Bluff, Arkansas

acquired



Athens, Tennessee

Mercer Capital served as a financial advisor & rendered a fairness opinion on behalf of Citizens National Bancorp, Inc.



Parchment, Michigan

acquired



Janesville, Wisconsin

Mercer Capital served as financial advisor to Advia Credit Union



Bloomington, Minnesota

acquired

**Bankers Bancshares, Inc.**

Gahanna, OH

Mercer Capital rendered a fairness opinion on behalf of United Bankers' Bank Inc.

# Thought Leadership

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## Industry Newsletters & Other

- Bank Watch
- Nashville Notes (S&P Capital IQ contribution, reprinted with permission)
- The Investment Management Industry
- The Financial Technology Industry
- Portfolio Valuation: Private Equity & Venture Capital Marks & Trends

## Books & Whitepapers

- CREATING STRATEGIC VALUE THROUGH FINANCIAL TECHNOLOGY, (Wiley Financial), 2017
- VALUING RIAs, whitepaper
- COMMUNITY BANK STRESS TESTING, whitepaper
- UNDERSTAND THE VALUE OF YOUR INSURANCE BROKERAGE, whitepaper
- UNDERSTAND THE VALUE OF YOUR TRUST COMPANY, whitepaper
- THE ESOP HANDBOOK FOR BANKS: Exploring Alternatives for Liquidity While Maintaining Independence, (Peabody Publishing, LP), 2011
- THE BANK DIRECTOR'S VALUATION HANDBOOK: What Every Director Must Know About Valuation, (Peabody Publishing, LP), 2009
- VALUING FINANCIAL INSTITUTIONS, (Business One Irwin), 1992

# Senior Professionals



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