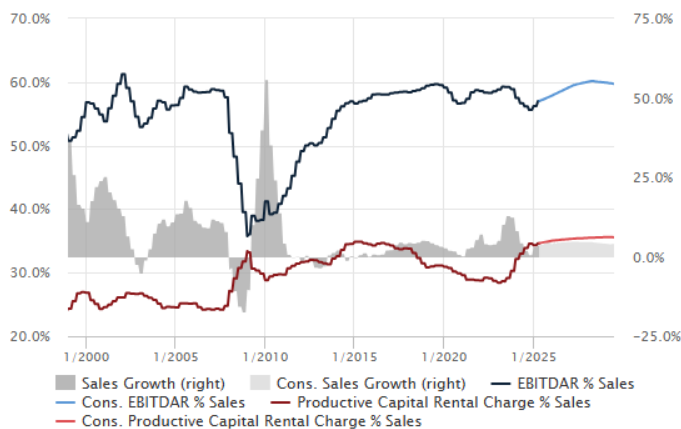


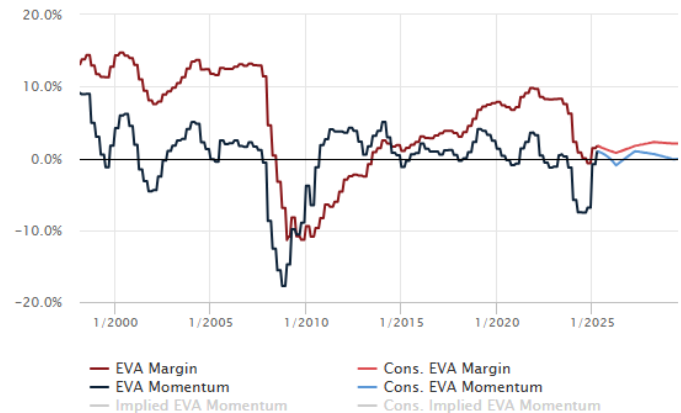
Industry Snapshot: U.S. Banks

- **Summary:** EVA Momentum (growth) finally turned positive in March after 18 months of negative incremental value creation. The improvement to EVA Momentum was led by accelerating top-line growth and an improvement in EBITDAR Margin. The industry's Quality has suffered despite strong Profitability due to high Risk levels (not shown). The industry has favorable Valuation levels. We see opportunities for stock-picking within the industry given the favorable Quality-Valuation tradeoff at a firm level.
- **EVA Drivers:** Sales Growth (TFQ) has accelerated to 3.5% as of April-end data, up from 3% in December 2024. EBITDAR Margin has seen a recovery through the recent months, up 100bps from the Q4 bottom to 56.6%. The Productive Capital Charge (higher is less favorable) had shown some signs of rolling over in Q4 2024 but has inflected higher over the last few months.
- **EVA Fundamentals:** EVA Margin inflected positive in December last year and has since seen a 30bps expansion to 1.7% as of April. EVA Momentum (growth) turned positive in March after a protracted period of value destruction since Q3 2023.
- **Expectations:** Embedded expectations for growth (Future Value Added, FVA) turned positive in 2024 after 6 years. Future Growth Reliance, the percent of market value dependent on future EVA growth, was trading around 6% in April, down significantly from 26% seen in November last year. The industry has exhibited strong Profitability and favorable Valuation levels, but we remain cognizant of the high Risk levels, making the industry unattractive overall.

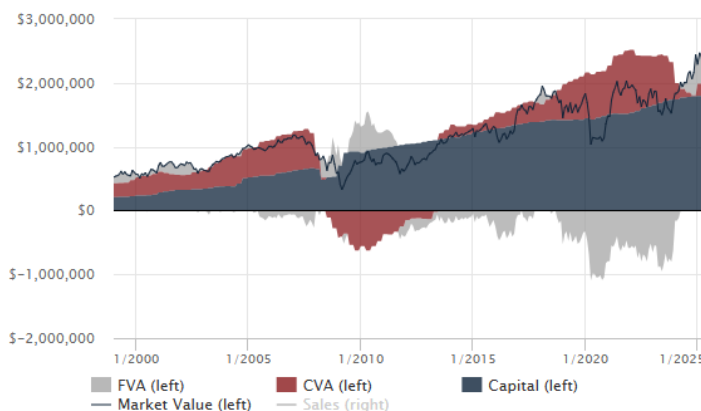
EVA Drivers



EVA Fundamentals



Enterprise Value Components



Future Growth Reliance (FGR)



Casey Lea
Global Director of Quantitative Research

About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

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Top 10 Largest Firms by Market Cap

- The cohort, on average, looks unfavorable from a PRVIt perspective impacted by moderate Quality which is offset by relatively low Valuations. **JPM** and **MTB** look the most attractive within the framework.
- JPM** has the highest Quality and Valuation scores of the large cap names in the list. The firm has also seen the highest stock returns of the cohort on a year-to-date basis.
- JPM** and **PNC** demonstrate positive EVA Fundamentals as of the latest print.
- C** currently achieves an ISS ESG Prime rating (ISS ESG Performance score ≥ 50).

Name	Ticker	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	PRVIt Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	ESG Perf Score	Return YTD
JPMORGAN CHASE & CO	JPM	703,333	17.2%	6.6%	54	79	92	70	56	47.38	6.7%
BANK OF AMERICA CORP	BAC	315,936	-6.0%	0.3%	34	37	42	61	27	45.40	-4.3%
WELLS FARGO & CO	WFC	236,308	1.8%	-0.0%	35	54	61	60	45	43.66	4.3%
CITIGROUP INC	C	133,450	-6.7%	6.0%	34	21	37	91	7	53.38	3.1%
PNC FINANCIAL SVCS GROUP INC	PNC	65,875	6.9%	3.6%	36	59	77	82	50	41.84	-12.0%
US BANCORP	USB	65,575	2.4%	-0.2%	38	47	57	70	34	44.37	-11.1%
M&T BANK CORP	MTB	28,819	0.4%	-1.7%	57	52	49	42	25	40.55	-5.1%
FIFTH THIRD BANCORP	FITB	24,971	5.5%	-1.4%	30	52	59	62	47	43.16	-10.8%
FIRST CITIZENS BANCSH -CL A	FCNCA	24,705	14.2%	-8.0%	41	63	80	78	49	22.86	-12.8%
HUNTINGTON BANCSHARES	HBAN	22,205	-2.8%	1.2%	45	45	50	59	25	41.21	-5.5%
Average			3.3%	0.6%	40	51	60	68	36	42.38	-4.7%

PRVIt is scored 0 to 100 where 100 is the most attractive. Profitability and Quality are both scored 0 to 100 where 100 is the best. Valuation is scored 0 to 100 where 100 is the most expensive.

Top 10 Highest PRVIt Firms

- The cohort demonstrates very strong Risk-Adjusted Profitability, coupled with cheap Valuation levels, on average. All firms earned above their cost of capital (i.e., EVA Margin $> 0\%$) as of the latest print with 6/10 names exhibiting an EVA Margin above 10%.
- OFG**, **RBCAA**, **SRCE**, **EFSC**, **NTB**, and **PFBC** have shown improvements in their EVA Momentum (growth) within their latest reported quarters.
- TBBK** and **NTB** have the highest Quality scores which are partially offset by relatively high Valuation levels.

Name	Ticker	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	PRVIt Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	ESG Perf Score	Return YTD
OFG BANCORP	OFG	1,853	11.7%	-2.3%	89	90	77	9	36	21.28	-1.8%
AXOS FINANCIAL INC	AX	3,912	20.4%	1.6%	87	88	88	36	37	19.65	-1.5%
REPUBLIC BANCORP INC/KY	RBCAA	1,400	7.9%	2.6%	87	91	81	14	41	16.60	3.0%
BANK OZK	OZK	5,137	18.5%	-4.1%	85	72	73	46	19	29.20	2.1%
1ST SOURCE CORP	SRCE	1,499	9.6%	2.1%	82	82	73	23	35	21.85	5.8%
ENTERPRISE FINL SERVICES CP	EFSC	1,970	3.4%	1.9%	82	71	58	18	23	23.35	-5.0%
BANCORP INC	TBBK	2,419	29.0%	2.6%	77	98	96	14	67	29.14	-2.3%
BANK OF NT BUTTERFIELD & SON	NTB	1,759	14.5%	0.5%	77	93	84	13	56	17.41	12.4%
PREFERRED BANK LOS ANGELES	PFBC	1,237	21.8%	-10.6%	73	81	66	13	41	19.58	-2.2%
PEOPLES BANCORP INC/OH	PEBO	1,056	0.3%	-8.1%	68	53	41	23	17	17.78	-3.9%
Average			13.7%	-1.4%	81	82	74	21	37	21.58	0.7%

ESG Performance Score provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable across all rated entities. All rated entities with values greater than or equal to 50 are Prime; companies with values less than 50 are not Prime.

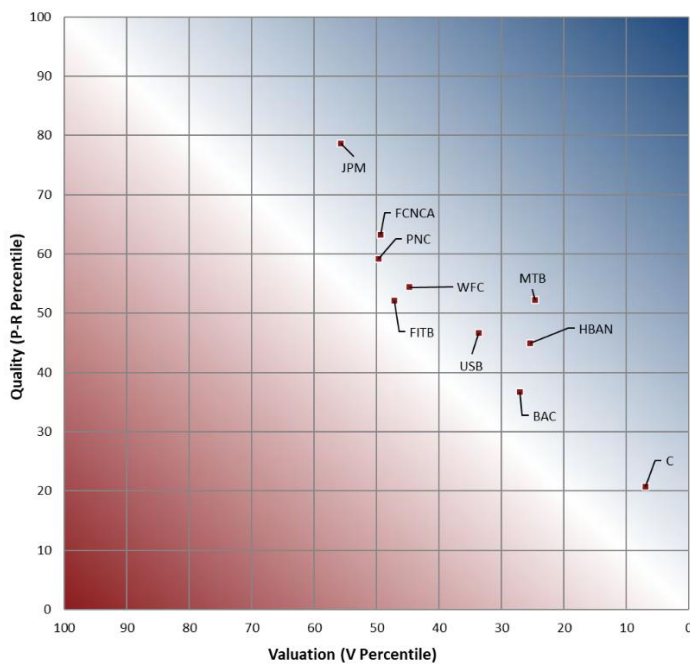
See page 3 for HEAT Maps of the Largest Firms and the Most Attractive Firms.

HEAT Maps

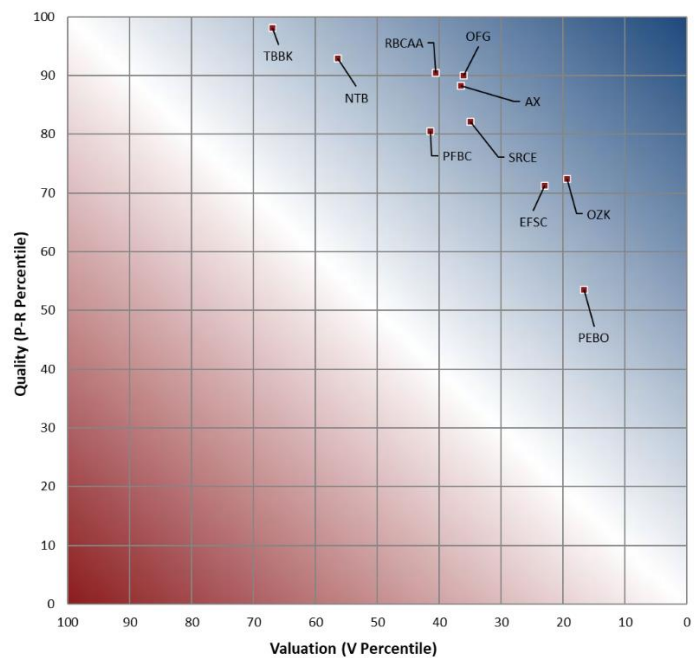
Our HEAT Map shows the visual trade-off between Quality (y-axis) and Value (x-axis). Higher Quality firms will be found at the top of the HEAT Map and cheaper Valuation firms will be further to the right. The companies in the upper-right corner are high-Quality, cheap-Value names with the most attractive PRVit scores.

- The HEAT Map on the left illustrates the largest firms in the industry, individually placed as a function of Quality and Valuation Rankings.
 - **C** and **BAC** are in the 'Attractive Value' HEAT Map zone, demonstrating relatively weak Quality (P-R) but with cheap Valuations.
 - **JPM** has the highest Quality, combined with relatively high Valuations, placing the firm near the 'Expensive but Worth It' HEAT Map zone.
- The HEAT Map on the right shows the most attractive names of the industry.
 - **TBBK** is in the 'Expensive but Worth It' HEAT Map zone.
 - **OFG, AX, OZK, SRCE**, and **EFSC** are within the 'Best of the Best: High Quality & Cheap' HEAT Map zone. The firms in this zone exhibit strong Quality (P-R) combined with favorable (cheap) Valuation levels.

Top 10 Largest Firms HEAT Map



Top 10 PRVit Firms HEAT Map



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.

EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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