Robert Prilmeier

A.B. Freeman School of Business
Tulane University
7 McAlister Drive
New Orleans, LA 70118

Phone: (504) 314-7032
Fax: (504) 862-8327
Email: rprilmei@tulane.edu

Current Position

A.B. Freeman School of Business, Tulane University
Associate Professor of Finance, Kenneth J. Boudreaux MBA '67 Professorship in Finance, July 2022 - present

Previous Positions

A.B. Freeman School of Business, Tulane University
Associate Professor of Finance, July 2019 - June 2021

A.B. Freeman School of Business, Tulane University
Assistant Professor of Finance, July 2012 - June 2019

Education

The Ohio State University, Fisher College of Business, Columbus, OH, USA
Ph.D. in Finance, Fall 2007 - Spring 2013

European Business School, Oestrich-Winkel, Germany
Diplom (M.Sc. equivalent) in Business Administration, Fall 2001 - Spring 2006

Research Interests

Debt Contracting, Financial Intermediation, Corporate Finance

Research Papers

Publications

Why do firms borrow directly from nonbanks? November 2022, *Review of Financial Studies* 35, 4902-4947 (with Sergey Chernenko and Isil Erel)

Analyzing hand-collected credit agreements for a sample of middle-market firms during 2010-2015, we find that a third of all loans is extended directly by nonbank financial intermediaries. Two-thirds of such nonbank lending can be attributed to bank regulations that constrain banks' ability to lend to unprofitable and highly-levered borrowers. Firms with negative EBITDA and with Debt/EBITDA greater than six are 32% and 15% more likely to borrow from nonbanks. These firms pay significantly higher interest rates, especially following the 2013 revisions to the leveraged loan guidance. Nonbank borrowers also receive different non-price terms compared to firms borrowing from banks.

Why does fast loan growth predict poor performance for banks? March 2018, *Review of Financial Studies* 31, 1014-1063 (with Rüdiger Fahlenbrach and René M. Stulz)

From 1973 to 2014, the common stock of U.S. banks with loan growth in the top quartile of banks over a three-year period significantly underperformed the common stock of banks with loan growth in the bottom quartile over the next three years. After the period of high growth, these banks have a lower return on assets and increase their loan loss reserves. The poorer performance of fast-growing banks is not explained by merger activity. The evidence is consistent with banks, analysts, and investors being overoptimistic about the risk of loans extended during bank-level periods of high loan growth.

Why do loans contain covenants? Evidence from lending relationships. March 2017, *Journal of Financial Economics* 123, 558-579

Despite the importance of banks' role as delegated monitors, little is known about how non-price terms of loan contracts are structured to optimize information production in a lending relationship. Using a large sample of corporate loans, this paper examines the effect of relationship lending on covenant choice. Consistent with information asymmetry theories, covenant tightness is relaxed over the duration of a relationship, especially for opaque borrowers. In contrast, the effect of lending relationship intensity on the number of covenants included in a loan follows an inverted U shape. I discuss potential explanations for this finding.

This time is the same: Using bank performance in 1998 to explain bank performance during the recent financial crisis. December 2012, *Journal of Finance* 67, 2139-2185 (with Rüdiger Fahlenbrach and René M. Stulz)

Are some banks prone to perform poorly during crises? If yes, why? In this paper, we show that a bank's stock return performance during the 1998 crisis predicts its stock return performance and probability of failure during the recent financial crisis. This effect is economically large. Our findings are consistent with persistence in a bank's risk culture and/or aspects of its business model that make its performance sensitive to crises. Banks that relied more on short-term funding, had more leverage, and grew more are more likely to be banks that performed poorly in both crises.

Working Papers

Disappearing debt covenants: A private firm puzzle (with René M. Stulz)

The use of maintenance covenants in highly levered loans has decreased sharply, but more so for loans to private firms than to public firms. Most highly levered loans to private firms in the years immediately before the COVID crisis are cov-lite loans. We explain this evolution by showing that cov-lite loans have a liquidity advantage over cov-heavy loans and that this liquidity advantage is higher for private firms than public firms. For a credit rating, cov-heavy loans have higher yields than cov-lite loans, consistent with our prediction that investors have to be rewarded to invest in loans with maintenance covenants.

Presentations

Conference Presentations

"Securities laws, bank monitoring, and the choice between cov-lite loans and bonds for highly levered firms"

Financial Intermediation Research Society (FIRS), Budapest, Hungary, May 31, 2020 (conference canceled due to Covid-19)

American Finance Association, 80th Annual Meeting, San Diego, CA, January 4, 2020

FDIC/JFSR, 19th Annual Bank Research Conference, Arlington, VA, September 14, 2019

European Finance Association, 46th Annual Meeting, Carcavelos, Portugal, August 22, 2019

"Nonbank lending"

SFS Cavalcade North America 2019, Pittsburgh, May 22, 2019*

American Finance Association, 79th Annual Meeting, Atlanta, GA, January 4, 2019

FDIC/JFSR, 18th Annual Bank Research Conference, Arlington, VA, September 6, 2018*

European Finance Association, 45th Annual Meeting, Warsaw, Poland, August 24, 2018

NBER Corporate Finance Program Meeting, Chicago, IL, April 6, 2018

"Why does fast loan growth predict poor performance for banks?"

American Finance Association, 77th Annual Meeting, Chicago, IL, January 6-8, 2017

Fifth Wharton Conference on Liquidity and Financial Crises, Philadelphia, PA, October 14-15, 2016*

European Finance Association, 43rd Annual Meeting, Oslo, Norway, August 20, 2016*

NBER Summer Institute in Corporate Finance (joint session with Risk), Cambridge, MA, July 12, 2016*

"Why do loans contain covenants? Evidence from lending relationships"

European Finance Association, 41st Annual Meeting, Lugano, Switzerland, August 29, 2014

The Ohio State University, Steve Buser Seminar Series, Columbus, OH, May 18, 2011

"This time is the same: Using bank performance in 1998 to explain bank performance during the recent financial crisis"

American Finance Association, 72nd Annual Meeting, Chicago, IL, January 7, 2012*

European Finance Association, 38th Annual Meeting, Stockholm, Sweden, August 19, 2011

FDIC/JFSR, 11th Annual Bank Research Conference, Arlington, VA, September 17, 2011

* indicates presentation by co-author.

Invitations to National Bureau of Economic Research Meetings

NBER Methods Lecture: Linear Panel Event Studies, Summer 2023

NBER Risks of Financial Institutions Meetings: 2011, 2017-2023

NBER Corporate Finance Meetings: Summer 2011, Summer 2016, Spring 2018

NBER Global Financial Crisis @10 Workshop: Summer 2018

NBER Big Data and Securities Markets Meetings: Fall 2021, Spring 2023

NBER Big Data and High-Performance Computing for Financial Economics Meetings: Summer 2021, Summer 2022, Summer 2023

Invited Seminar Presentations

2020: Tulane University School of Law

2019: City University of Hong Kong

2018: Tsinghua University (PBC School of Finance), Peking University (Guanghua School of Management)

2017: National Taiwan University

2016: Maastricht University

2012: Erasmus University, The Federal Reserve Board, London Business School, Rutgers University, Tulane University, University of Alberta, University of Amsterdam, University of New South Wales, University of Notre Dame, University of South Carolina, Virginia Tech

2011: Pace University

Teaching Experience

FINE 7640: Valuation, Tulane University, Spring 2023

FINE 4100: Advanced Financial Management, Tulane University, Fall 2012 - Spring 2022, Spring 2024

BUSN 7010: Financial Economics Theory (team taught PhD level class), Tulane University, Fall 2020

BUSN 7230: Selected Topics in Finance and Accounting (team taught PhD level class), Tulane University, Spring 2019

Business Finance 721: Corporate Finance, The Ohio State University, Spring 2011

Academic Service

External Service

Ad hoc referee for *Journal of Finance* (2018-2021), *Journal of Financial Economics* (2017-2021), *Review of Financial Studies* (2010-2023), *Journal of Financial and Quantitative Analysis* (2016-2023), *Management Science* (2018-2020), *Review of Finance* (2015-2016), *Journal of Financial Intermediation* (2021, 2023), *Review of Corporate Finance Studies* (2021-2022), *Journal of Corporate Finance* (2016), *Journal of Empirical Finance* (2019), *Review of Economic Dynamics* (2016), *Journal of Banking and Finance* (2013-2020), *Journal of Financial Services Research* (2013, 2019), and *Financial Management* (2013)

Discussant, 2024 Midwest Finance Association Annual Meeting, Chicago, IL, March 2024

Session Moderator, Research and Mentoring Symposium, Ohio State University, Columbus, OH, August 2022

Discussant, Financial Intermediation Research Society Conference, Hungary, Budapest, June 2022

Member of the Program Committee, European Finance Association, 42nd - 50th Annual Meeting, 2015-2023

Member of the Program Committee, Midwest Finance Association, Chicago, IL, March 2020

Session Chair, European Finance Association, 46th Annual Meeting, Carcavelos, Portugal, August 2019

Member of the Program Committee and Session Chair, Conference on Financial Economics and Accounting, New Orleans, LA, November 2018

Discussant, Fixed Income and Financial Institutions Conference, Columbia, SC, April 27, 2018

Session Chair, Financial Management Association Annual Meeting, Chicago, IL, October 19, 2013

Reviewer for 2013 Midwest Finance Association Annual Meeting

Discussant, Financial Management Association Annual Meeting, Atlanta, GA, October 19, 2012

Discussant, Ohio State Alumni Conference, Columbus, OH, July 7-9, 2011

Member, American Finance Association and European Finance Association

Internal Service

Faculty Director, Master of Finance Program (since 2020)

Member of the Investment Banking Task Force (2022), Member of the MBA Curriculum Committee (2020-2021), Member of the Honor Code Advisory Committee (2018-2022), Member of the Committee on Undergraduate Studies (2016-2018), Research Databases Committee (Spring 2015 and 2021-2022) and Master of Finance Curriculum Committee (since 2012, committee chair since 2020), A.B. Freeman School of Business

Interviewer for faculty recruitment, 2013 - 2022, 2024 job markets

Co-organizer of the A.B. Freeman School of Business Finance Speaker Series (with Nick Pan), academic year 2014-2015

Faculty judge for the finance case competition at Tulane University, March 2015

Faculty judge for the third annual Association of Corporate Growth (ACG) Cup case competition at Tulane University, February 2013

Professional Experience

Consultant, xtp Transaction Partners GmbH, Frankfurt, Germany, 2006-2007

Honors, Awards & Research Grants

Research Grant, National Center for the Middle Market, 2016

Pace Setter Award, Fisher College of Business, 2012

René M. Stulz Scholar Development Award, Fisher College of Business, 2011

AFA Student Travel Grant, 2011

German National Academic Foundation, full scholarship, 2003-2006

European Business School excellence award – research, 2007

Best GPA, European Business School, Class of 2006

Chinese Scholarship Council, tuition waiver for Intensive Mandarin Chinese Immersion Program, 2004-2005

Alfried Krupp von Bohlen und Halbach Foundation, full scholarship for Intensive Course in Mandarin Chinese at University of Trier, Germany, 2002

Languages

German (native), English (fluent), French (good), Mandarin Chinese (good)