

Banking Services Practice

Improving Balance Sheets; Maximizing Loan Values

Today's Challenges

Loan portfolios are experiencing erosion from customers with declining cashflow coverage and collateral support. Bank income and cash flows are declining due to higher credit losses, increasing real estate delinquencies and vacancies; and limited access to new good credit opportunities. Loans across all Fed Class Codes are bringing new challenges to the balance sheets of financial institutions while lenders are provided performance information typically from management's point of view, which may not reflect current real-world conditions. As a result, institutions, in compliance with the regulators, are seeking ways to improve their balance sheets with new equity while offloading stressed assets.

Tall Trees' Solutions

Our professionals bring a broad range of operating, financial, banking and legal skills. We provide services to:

- ❑ Develop the adjusted net book value on certain asset classes to provide an independent view of a bank's value
- ❑ Identify assets that can be sold, repaired or re-positioned to reduce lender's risk and stop the erosion of credit risk on the balance sheet.
- ❑ Solidify the balance sheets of portfolio companies with access to new equity and alternative financing partners.
- ❑ Improve the bank's liquidity with access to investors willing to purchase assets at greater than fire-sale valuations.
- ❑ Improve visibility of day-to-day operations to help the Bank and investors determine the best path to protect their existing C & I portfolio and maximize value.
- ❑ Manage the balance sheet impact when liquidation is unavoidable.

Our approach enables lenders to improve their balance sheet, maintain regulatory compliance, maximize the value of their loan portfolios and minimize the need to dispose of assets at "fire sale" prices.

Benefits

Tall Trees enables banks, and financial institutions to accrue the following benefits.



- A better understanding of the status of an asset allowing a more accurate asset classification - Pass, Watch List, Mention, Substandard, Doubtful, or Loss.
- Manage assets in pre-workout, rather than going through the process for non-performing assets classification.
- Implement corrective action and revitalization plan before the value of an asset begins to erode.
- Improve cash flow and liquidity to maintain compliance.
- Improve revenue and margins of operating companies through operational performance improvements.
- Preserve asset values while transitioning to another creditor or financial institution.
- Strengthen the balance sheet through additional funds from our financing partners.
- Maximize asset value when disposing of stressed assets or liquidation is unavoidable.

Expected Results

Common situations where we have helped our clients include:

- Reclaim capital for the bank
- Operational assistance to operating companies by improving cash flow and profitability
- New equity to maintain covenant compliance
- New equity for operating companies in C & I asset class
- Package assets for bulk sale
- Identify borrowers no longer deemed strategic to the bank
- Develop adjusted book value on certain asset classes

**Our professionals have years of
experience providing operations
and financing assistance.**

For more information or to have Tall Trees Capital provide a service proposal please contact:

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