

Many banks have been recapitalized and have repaid TARP funding in response to the Great Recession. Private equity is active again in the banking industry and publicly underwritten equity offerings resumed during winter 2011 for acquisition financing and TARP repayments. Recent mergers and acquisitions have been driven by the sellers' distressed portfolios, regulatory pressures or lack of sufficient profitability.

The ability to identify potential capital and allowance for loan and lease loss needs through loan review and to recognize other portfolio valuation factors is what separates Alvarez & Marsal (A&M) from our competitors. Our team is also capable of assisting with all aspects of M&A needs — from the regulatory application process to compliance and post-acquisition support.

Knowledge delivered quickly and accurately is essential to make proper determinations for the actual and ongoing costs of an acquisition. A&M's team of former senior regulators and bank executives focuses on a bank's underlying strengths and weaknesses, as well as opportunities for improvement, to properly manage assets and risks in the post-acquisition era. Our approach to ongoing support is hands-on and collaborative, with a focus on best practices and your bank's long-term interests.

THE A&M ADVANTAGE

A&M has been owner-operated and privately held since 1983, and has been able to put the needs of businesses and their investors first — without conflicting or competing interests. We have over 1,700 professionals across North America, Europe, the Middle East, Asia and Latin America.

Our distinct culture is defined by an action-oriented and entrepreneurial spirit; a commitment to core values focused on quality and integrity; and by a meritocracy that rewards talent for high performance and accelerating client results.

A&M's distinctive, integrated approach to due diligence combines best-in-class financial due diligence with our deep regulatory and operational expertise focusing, not just on the target's past performance, but also on the risks and future outlook.

REGULATORY DILIGENCE AND POST-ACQUISITION SUPPORT SERVICES

Planning	Strategy and Governance	Loan Review	Post-Acquisition Support	Other Items
<ul style="list-style-type: none"> • Charter and licensing guidance and advisement • Development of acquisition criteria • Provide general advice, including FDIC assisted transactions 	<ul style="list-style-type: none"> • Assist with regulatory agency conversations • Enterprise risk, governance and concentration assessments • Underwriting and credit administration assessment 	<ul style="list-style-type: none"> • Risk rating accuracy evaluation • Determine range of potential portfolio loss • Retail and commercial loan valuation and reserve review • Special assets portfolio analysis 	<ul style="list-style-type: none"> • Assist with regulatory issues, including preparing and reviewing reports to be submitted and liaisons with regulatory officials • Assist with post-acquisition development of an enterprise risk management system • Provide advice with respect to the target's compliance issues relating to insured depository institutions • Assist with evaluating opportunities to become a fee-based services provider to FDIC • Recommend best practices for operations, credit processes and problem loan management • Develop policies, procedures and governance for the acquired entity • Provide specialized training for bank staff 	<ul style="list-style-type: none"> • Review target's allowance for loan and lease losses; capital processes and methodology relative to its perceived risks • Review other assets, liabilities and off-balance sheet items • Guidance for regulatory issues and challenges impacting the financial institution

OUR SERVICES

Our professionals' ability to effectively evaluate regulations, risks, compliance, capital and liquidity issues quickly allows us to develop effective, practical solutions in a timely and successful manner. A&M's experience, knowledge and proactive approach have given our clients the confidence and assurance that the job will always be done at the highest level of commitment.

WHY CHOOSE A&M?

- Senior financial industry regulatory professionals each with more than 35 years of experience
- Proven experience with healthy and troubled institutions, business units, executive leadership and boards
- Comprehensive approach to regulatory relations, compliance and risk management
- Our regulatory team has access to professionals in other A&M advisory practices to comprehensively address all ongoing needs

SUCCESS STORIES

Investment Company

A private shelf charter investment company received a detailed operating agreement from their regulator to acquire a failed financial institution. A&M worked with the firm and regulator to develop detailed policies, procedures, limits, controls, concentration management, strategic and business plans, and corporate governance that successfully addressed regulatory requirements and concerns. Our client acquired the failed institution under a loss share agreement and, subsequently, used this initial platform to acquire billions of dollars in deposits and performing assets from another financial firm. The new bank is profitable, well capitalized, has good policies and processes, and is seeking additional acquisitions.

Regional Bank

A multi billion-dollar regional bank needed to raise capital with private investors. A&M was retained to perform an independent evaluation of the bank's risk rating accuracy, asset quality, non-accrual practices and reserve adequacy for selected commercial and retail portfolios. The review involved domestic and international locations, with a detailed final report requested in less than one month. A&M produced a report with specific portfolio and loan level findings, recommendations and an assessment of an acceptable range of reserve coverage based on regulatory expectations. We participated in calls with potential investors to explain its review process, results and approach. The bank received numerous private equity bids and is currently finalizing a sale and obtaining regulatory approval. Executive management has inquired about A&M providing post-acquisition regulatory support and continual credit process improvement services.

Private Equity Firm

A major private equity firm hired A&M for multiple engagements, both foreign and domestic, to perform simultaneous due diligence / asset quality reviews in multiple locations under very tight time constraints. Our findings enabled the firm to make quick determinations that resulted in successful acquisitions, with well-funded investments, as well as decisions not to move forward on certain potential target institutions.

Mid-Size Regional Bank

A mid-size regional bank had grown aggressively prior to the recent real estate devaluation. It had an extensive portfolio of troubled, non-performing commercial and real estate loans. A&M evaluated individual credits at a property-level and assisted management with stress tests prior to a follow-up regulatory examination. Management subsequently prepared a strategic plan utilizing A&M's findings to address a regulatory consent order and successfully raised a several hundred million-dollar private placement that resulted in removal of the regulatory order.

ABOUT ALVAREZ & MARSAL

Alvarez & Marsal (A&M) is a global professional services firm specializing in turnaround and interim management, performance improvement and business advisory services. A&M delivers specialist operational, consulting and industry expertise to management and investors seeking to accelerate performance, overcome challenges and maximize value across the corporate and investment lifecycles. Founded in 1983, the firm is known for its distinctive restructuring heritage, hands-on approach and relentless focus on execution and results.

For more information, visit:
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