



Financial Services in Uncertain Time

Independent Business Reviews

Context

- The current downturn is marked by rapid and unpredictable changes in credit quality caused by unpredictable market and business developments.
- The bank as a key stakeholder needs to be appraised of the true situation.
- An independent, objective and credible source of this appraisal is an independent business review that provides the bank with an up-to-the-minute evaluation of the debtor's situation and an evaluation of the options available to the bank to work out or exit the exposure.

Risks and Challenges

- Stakeholder behaviour – specialist teams need to be able to extract the relevant information from the target entity without conflict or disruption. Occasionally banks need to put pressure on their corporate customers to increase consent. Understanding and recognising management or shareholder behaviour is the key to success and can only be developed through many years' experience of similar situations.
- Market context and industry expertise – the trading performance of the entity needs to be assessed in the context of the wider market, including underlying industry-relevant or/and economic assumptions.

How Deloitte can help

To support the client decision-making process by:

- Giving an accurate picture of the company's current debt status – debt summary, debt providers, covenant analysis, repayment profile, collateral packages and hedging exposures.
- Giving a realistic estimate of the company's ability to meet its immediate and mid-term financial obligations.
- Giving an accurate picture of the company's operations and in particular their ability to generate cash flow.
- Outlining the risks related to the recoverability of assets in the balance sheet, sufficient levels of provisioning and contingent liabilities.

Analyse the quality of the client's collateral / collateral provided to other lenders and the extent to which there is collateral that has not yet been encumbered.

[Contact us for more information.](#)