



The Loan Sale Advisor

Spring 2008

Best Practices in Active Portfolio Management

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Community Banking: Loan Participation Platform Increases Liquidity

DebtX's loan participation platform, DXParticipate™, is now being offered to more than 400 community banks working with Performance Trust Capital Partners, LLC of Chicago.

In an agreement announced in April, Performance Trust has begun using DXParticipate™ to provide community banks with greater access to participations through its AMICUS platform. By centralizing participations among Performance Trust's network of banks at www.debtX.com, sellers can expand the potential universe of buyers outside of their immediate geographic reach.

"Performance Trust's partnership with DebtX will deliver greater liquidity to the loan participation market and enable our community banks to buy and sell loan participations more effectively,"

**DEBTX IN MARKET WITH
\$218 MILLION PORTFOLIO,**
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said Michael Iannaccone, Managing Director of Performance Trust Capital Partners. "Performance Trust is committed to continually adding value to its network of community banks by integrating innovation."

Performance Trust is integrating DXParticipate™'s full suite of online due diligence and analytics tools, which allow participation buyers to analyze

\$380 Million Portfolio Offered by DebtX

DebtX is selling a \$380 million portfolio of Commercial Real Estate (CRE) loans for a commercial bank in the Southeast.

The transaction includes more than 200 lending relationships. The loans range in size up to \$20 million and are secured primarily by land and commercial and residential development projects throughout the Southeast, including

"A loan sale expedites problem resolution, while enabling institutions to lower risk, improve diversification and strengthen profitability."

Atlanta, Orlando, and South Florida. Investors will be given the opportunity to bid on pools and individual loans. Performing, sub-performing and non-performing loans are being sold.

The first of four loan portfolios bid April 15, 2008. DebtX is conducting an extensive marketing campaign to reach U.S. and global investors in support of the transaction.

"With credit quality weakening, institutions are choosing to sell loans into the increasingly liquid secondary whole loan market, rather than incur the expense of protracted loan workouts," said DebtX CEO Kingsley Greenland. "A loan sale expedites problem resolution, while enabling institutions to lower risk, improve diversification



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The Deal Book

Highlighted transactions recently completed by DebtX

Seller: Government Agency

Assets: \$45.6 million in debt consisting of one non-performing settlement note and seven consumer pools. The note was secured by Commercial Real Estate while the pools were secured by performing consumer loans, residential charge-offs and auto deficiencies. Collateral was located throughout the United States.

Marketing: DebtX's marketing campaign consisted of ads placed in two regional publications, 4,000 emails and over 300 phone calls to accredited investors. The campaign focused on national banks that buy loans in the secondary market as well as regional and specialty banks.

Results: One hundred sixty-six investors completed summary due diligence and 112 completed full due diligence. Twenty-seven separate investors placed a total of 54 individual bids and 14 combination bids. All pools were sold, with the performing consumer pools generating a significant premium over the reserve price.

Seller: Community Bank

Assets: \$33.2 million in seasoned performing, non-performing and sub-performing CRE and C&I loans. The offering consisted of 16 borrowing relationships representing a total of 45 loans secured by collateral in Ohio, including several golf courses, a 68-room motel, an auto dealership, office buildings, and multifamily and residential properties.

Marketing: DebtX's marketing campaign consisted of 2,300 emails and 125 personal phone calls to investors.

Results: One-hundred and seven investors reviewed the offering, with 42 investors conducting summary level

due diligence. Twenty-four separate investors placed bids. The winning bids exceeded the Seller's reserve.

Seller: Community Bank

Assets: \$1.23 million consisting of five performing Commercial & Industrial (C&I) loans with a fixed 8.57% weighted average coupon. The loans were secured by real estate, equipment and business assets. The borrower's primary business is a residential home improvement company.

Marketing: DebtX's marketing campaign consisted of 2,500 emails and 275 phone calls to accredited investors.

Results: Sixty-two investors reviewed the offering, with 26 performing summary due diligence and nine performing full diligence. Five separate investors placed bids. The winning bid exceeded the Seller's reserve by 30%.

Seller: Insurance Company

Assets: \$1.6 million non-performing CRE loan with a fixed interest rate of 7.675%. The loan was secured by an 84% occupied medical office building in Michigan.

Marketing: The property was well located on a busy commercial street in a solid market, but had been losing tenants to a newer, better located medical office building. DebtX's marketing campaign consisted of 1,750 emails and 220 phone calls to accredited investors.

Results: Fifty-six investors reviewed the offering, with 106 investors conducting summary due diligence. Eleven investors conducted full diligence. Five separate investors placed bids. The winning bid exceeded the Seller's reserve. ☒

Participations

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and evaluate more potential investments in less time. DXParticipate offers AMICUS users an online work environment that provides a comprehensive set of tracking, reporting and auditing tools.

EXPANDED ACCESS INCREASES LIQUIDITY

For both buyers and sellers, expanded access to participations and streamlined trading will improve price execution and increase the overall liquidity of community bank participations.

“DebtX’s loan participation platform creates a private marketplace of buyers and sellers to specifically serve the needs of Performance Trust’s client banks,” said DebtX Managing Director David Roover. “The technology and intelligence delivered to the AMICUS platform through DXParticipate is the same functionally that powers the trading of billions of dollars a year of commercial debt at DebtX.”

DXParticipate is part of DebtX’s family of loan sale solutions used by banks, federal agencies, insurance companies, investment banks, pension funds and other portfolio lenders. DebtX’s online marketplace at www.debtX.com is the world’s largest exchange for buying and selling commercial debt. DXSyndicate is used by syndication professionals to streamline the syndication process.

FOR MORE INFORMATION ABOUT DXPARTICIPATE, CONTACT MANAGING DIRECTOR DAVID ROOVER, 617-531-3446. 

\$380 Million

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and strengthen profitability. Based on the competitive bidding during recent transactions at DebtX, these loans are likely to yield attractive prices. The market for performing, sub-performing and non-performing loans remains strong.”

QUALIFIED INVESTORS CAN REGISTER TO VIEW AND BID ON THE LOANS AT WWW.DEBTX.COM OR CALL 617-531-3400 FOR MORE INFORMATION. 

DebtX Selling \$218 Million

DebtX is selling more than \$218 million in Residential and Commercial Real Estate (CRE) loans for a specialty finance company.

The sale includes \$117 million in non-performing residential loans and \$101 million in performing and non-performing CRE loans.

The loans are secured by properties from California to New England, and have been pooled by geography.

“Demand for product is strong and a growing number of institutions are choosing to tap the extensive liquidity at the DebtX marketplace.”

Investors can bid the pools individually or in combinations of their choice.

Initial bids for the residential portfolio were due April 15, 2008. The non-performing commercial real estate loan portfolio bid on April 17, 2008 and the performing commercial real estate portfolio bids May 8, 2008. DebtX is conducting an extensive marketing campaign to U.S. and international investors.

“Demand for product is strong and a growing number of institutions are choosing to tap the extensive liquidity at the DebtX marketplace,” said DebtX CEO Kingsley Greenland. “Institutions are selling to proactively manage their performing portfolios for improved diversification and risk management, and to dispose of non- or sub-performing loans quickly rather than incur significant expenses related to protracted loan workouts.”

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www.debtX.com

DebtX In Brief

DebtX Authors Chapters In Two Finance Books

DebtX has authored a chapter in an upcoming book, *Handbook of Credit Portfolio Management*, to be published by McGraw Hill in September 2009. The book covers all aspects of credit portfolio management and is written by the industry's leading executives.

The DebtX chapter is authored by DebtX CEO Kingsley Greenland and Executive Vice President Bill Looney, head of U.S. loan sales, and is entitled "How a Revolution in the Loan Sale Process Transformed the Secondary Market and Portfolio Management." The book is edited by Greg N. Gregoriou, Finance Professor at State University of New York, Plattsburg and Christian Hoppe, Senior Specialist for Securitization and Credit Derivatives at Commerzbank AG.

In addition, DebtX will author a chapter in an upcoming book to be published by Euromoney Books. The book features contributions from leading financial executives and academicians from around the world and will examine the management of performing and non-performing loans.

DebtX CEO Kingsley Greenland and Managing Director Gifford West, head of DebtX's European operations, will focus on the bid process versus negotiated loan sale transactions for certain asset classes, such as CRE, corporate loans and consumer loans. The book is edited by Dr. Simon Grieser and Joerg Wulfken of Mayer Brown.

Upcoming Events

DebtX will attend the following conferences:

MBA's Commercial/Multifamily Capital Markets Spring Conference

May 6-7, 2008 Boston, MA, USA

CMSA 14th Annual Convention

June 9-11, 2008 New York, NY, USA

EXPO Real 2008

October 6-8, 2008 Munich, Germany

RMA Annual Risk Management Conference

October 18-21, 2008 Baltimore, MD, USA

CMSA-Europe Conference

November 3-5, 2008 Vienna, Austria

DebtX Executes FDIC Sale

DebtX, which in December signed a five-year agreement with the Federal Deposit Insurance Corporation (FDIC) to sell assets in receiverships, completed its first transaction under the new contract in March.

The \$46 million deal involved the sale of 1,300 loans secured by a wide range of collateral, including aircraft, automobiles, recreational vehicles, boats, and commercial real estate.

DebtX's work for the FDIC dates back to 2000, when DebtX executed its first transaction for the government agency. Since then, DebtX has sold more than \$420 million in loans in ten separate transactions for the agency. 