

[Date]

[Recipient Name]

[Recipient Title]

[Financial Institution Name]

[Address Line 1]

[City, State, Zip Code]

RE: Advisory Services for Distressed Loan Portfolio Restructuring

Dear [Recipient Name],

Based on our recent analysis of the [Portfolio Name/Reference Number] portfolio, we are providing this formal advisory letter to outline the recommended restructuring strategy for the identified distressed assets.

1. Executive Summary of Portfolio Status

The portfolio currently exhibits a high concentration of Non-Performing Loans (NPLs) and underperforming assets. Market conditions and [Specific Economic Factor] have impacted the debt-service coverage ratios across these holdings.

2. Proposed Restructuring Objectives

Our primary objectives for this restructuring engagement are:

- Maximization of net present value (NPV) recovery.
- Reduction of provision requirements and capital charges.
- Mitigation of immediate default risks through proactive modification.

3. Recommended Strategic Actions

We advise the implementation of the following measures for targeted loan segments:

- **Amortization Re-scheduling:** Extension of maturity dates to align with current cash flow capabilities.
- **Interest Rate Adjustment:** Temporary reduction or step-up structures to improve liquidity.
- **Collateral Enhancement:** Acquisition of additional security or personal guarantees where feasible.
- **Debt-to-Equity Conversion:** For specific corporate borrowers showing long-term viability but extreme short-term insolvency.

4. Risk Mitigation and Compliance

All proposed modifications shall be executed in accordance with [Relevant Regulatory Body] guidelines and international accounting standards (IFRS 9 / CECL) regarding loan impairment and classification.

5. Next Steps

We recommend a formal review meeting on [Date] to finalize the execution timeline and assign workout teams to high-priority accounts.

Sincerely,

[Your Name]

[Your Title]

[Consultancy/Firm Name]