

**Loan Portfolio Due Diligence:
Leveraging the Opportunity for Acquisitions**

Loan Review Series: Part 3 of 3

By: Kevin Graff, President



When acquiring a bank or purchasing a loan portfolio, thorough due diligence is critical. This process equips leadership with the insight needed to make informed decisions, manage risk, and integrate assets confidently. At Integrity Loan Review, we specialize in commercial loan review due diligence, providing clear, actionable insights that support a seamless acquisition process.

The acquisition of a financial institution has many moving pieces which all need to be choreographed and closely managed in a discreet way, to efficiently and effectively complete the transaction. Company resources may be spread thin to meet the benchmarks in a timely and meaningful way. Focus can be drawn away from existing customers as staff work toward completing due diligence activities.

Loan portfolio due diligence is a key aspect of executing an acquisition, as the loan portfolio is typically the highest risk area. We can help alleviate some of the pressure and time constraints on your team by providing the loan portfolio due diligence necessary to deliver the critical information management needs in negotiating the terms of an acquisition. We can help your team develop a risk-based approach to the loan portfolio due diligence process to make best use of the resources available for the potential acquisition.

Our approach is designed to be both comprehensive, customizable and discreet. We understand this work can be sensitive for both parties. Transactions at this stage often require confidentiality, especially when a potential acquisition is not yet public. Our team conducts reviews in a way that protects the integrity of the process, ensuring staff at the target institution remain unaware of the pending change. Our team of professionals deal in strict confidence, as would be expected, to deliver the due diligence services requested.

Integrity Loan Review's leadership has completed dozens of these engagements, giving our team the expertise and perspective needed to anticipate challenges, spot red flags, and deliver valuable insights quickly. We also understand that these opportunities often arise with little notice and require a rapid turnaround—our team is built to respond efficiently and professionally under tight timelines.

We leverage proven tools and methodologies to quickly and efficiently evaluate the targeted loan portfolio. Our due diligence services include:

- **Clear summaries of credit grades** across the portfolio to help you assess overall quality and risk
- Identification of **potential and actual impairments**, flagging problem areas before they impact your bottom line
- Insights into the **credit culture, underwriting standards, file quality, and credit administration** practices of the target institution
- A comprehensive yet **easy-to-read report**, complete with a portfolio overview and detailed summaries of each credit relationship

Engaging a third-party loan review firm like ours allows your internal credit team to remain focused on what matters most, serving existing customers and pursuing new business opportunities. An independent perspective can uncover risks and patterns that internal teams, focused on day-to-day operations, may not see. Whether you need a fully independent review or a supplement to your internal staff, we adapt to your structure and needs.

Every acquisition is unique, and so is every loan portfolio. Our due diligence process is customizable and scalable, designed to support leadership with clear insights—without disrupting daily operations.

If you're preparing for a bank acquisition or considering the purchase of a loan portfolio, contact us today to learn how Integrity Loan Review can support your acquisition process.

More about Integrity Loan Review

Based in Green Bay, WI, we serve community-based financial institutions across Wisconsin, Minnesota, Michigan, Illinois, and Iowa. Our loan review and related services are available both on-site and remotely, ensuring flexibility and convenience. With our proprietary methodology, we take a comprehensive approach to loan review, delivering thorough and insightful assessments tailored to our clients' needs.