

Income Opportunity for Affiliated Banks



GTE Financial Capital, LLC ("GTE") was **founded by experienced, executive level banking professionals** with substantial expertise in commercial banking, commercial leasing, energy banking, consulting, and private equity.

GTE provides an avenue to increase bank income through 1) purchasing seasoned leases, 2) funding initial leases via payment of Lessee's vendor invoice payment, or 3) through participation in our bank leasing program.

GTE can originate leases for banks that don't offer direct leases as a product for their customers.

Contact

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GTE's Bank Leasing Program

Become a partner – We can design a program to meet your Bank's leasing needs.



- Provides you with a new **Private Label** product for your lending team
- Allows you to offer a leasing option without expense of additional staff
- Provides the Bank with associated income
 - *Net interest income from leasing provides higher yield*
 - *Increase your earning assets by putting deposits to work*
- Provides Bank with diversification while enhancing relationship profitability and products per client
- Allows Bank to underwrite the lease to their own credit standards
- GTE assists in properly structuring and documenting the lease.
- Our Bank partners can fund their customer's leases through discounting.

We Make Saying Yes To Your Customers Easy

More Options To Improve Profitability Through Leasing

Fund GTE's Initial Leases

Initial Funding

- GTE provides due diligence and underwriting
- GTE provides lease structure and documentation
- GTE retains any advance payment(s)
- Bank provides payment to Vendor and becomes Lessor

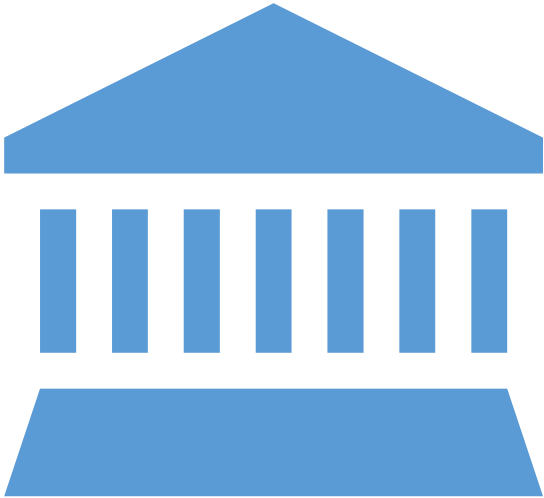
Purchase GTE's Seasoned Leases

Seasoned Lease

- Lease funded in-house
- Documented on GTE's paper including Right of Assignment
- Income stream owned by GTE for 60 to 90 days
- Income Stream and end-of-term residual purchased by Bank at desired yield
 - [See Discount Funding](#)

GTE funds transactions through partnerships with banks. Banks with little or no equipment finance experience can participate through our discounting program.

Here's how it works:



Discount Funding of Leases

- GTE funds a transaction, then secures permanent financing by assigning the stream of payments and a first-security interest in the equipment to a purchasing bank.
- The bank provides funding based on the present value of the stream of payments at a discount rate (fully amortized, non-recourse basis).
- GTE may retain the servicing rights and ownership of any residuals of applicable leases of the equipment.
- Participating banks diversify their portfolio allocation, book stable, earning assets at no cost and earn higher returns than on other assets of similar credit quality.

Brief Overview of GTE and Lender Benefits

GTE originates, underwrites, structures and sells leases and loans to lenders seeking increased ROA and ROE.

Lease and loan purchases allow lenders to add earning assets without additional employees or related expenses

Lease and loan purchases allow lenders to deploy excess liquidity at a premium yield increasing ROA and ROE

Lease and loan purchases enhance C&I outstandings as a percentage of capital and add sector diversification.

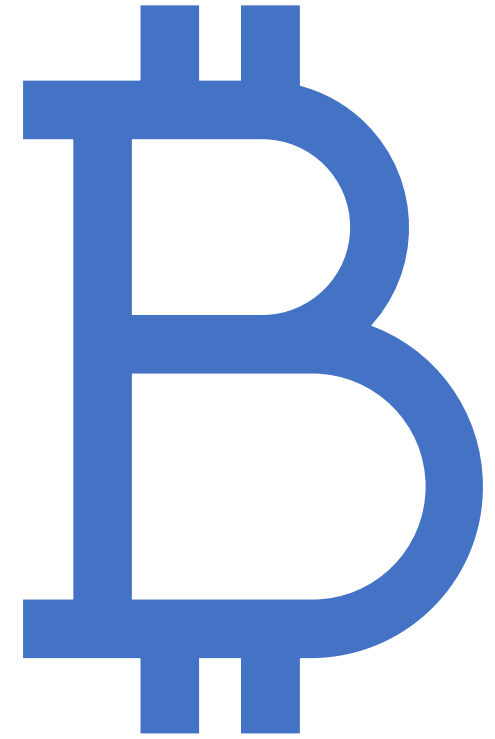
Split funding directly to the vendor provides lender with complete transaction transparency on new transactions.

Direct ACH payments from obligor's account to lender provides repayment transparency on all transactions.

How is this a benefit to the Lender?

The Lender benefits from:

- 1) enhanced C&I outstanding balances and diversification
- 2) reduced concentration risk
- 3) additional cross sell opportunities of other bank products
- 4) the ability to efficiently deploy excess liquidity when available
- 5) the ability to enhance incremental net interest margin
- 6) the ability to increase assets per employee
- 7) the flexibility of increasing outstanding loans/leases
- 8) thus enhancement of ROA and ROE without the expense of additional lending personnel and related employee costs




GTE's Bank Quality Underwriting

GTE provides the lease buyer with all Lessee information utilized in its own analysis including:

- Comprehensive Executive Summary and Financial Analysis
- Lender's Acceptance and Settlement Statement
- Vendor Invoice(s)
- Guarantor's Personal Credit Report & Financial Statement
- Most Recent 2-3 Years Tax Returns for Lessee and Guarantors
- Interim Financial Statement
- Current AR Aging and Current Notes Payable Schedule
- Entity Documents





GTE's Bank Standard Process

GTE conducts its own comprehensive due diligence, including financial and repayment capacity analysis for suitability.

- Asset quality is a key consideration for every lease originated by GTE
- All transactions are thoroughly analyzed to assess credit risk
- Risk rated on a scale from 1-10 (previously enacted by regulators)
- Structured to minimize and mitigate credit risk

Leases are extended only to Lessees that demonstrate established recurring cash flow and proper balance sheet proportions as the primary source of repayment.

- The secondary source of repayment is typically comprised of the assets and funds of the guarantor(s)
- Tertiary sources of repayment include the sale of the collateral assets

Lease Types

Transaction Amount: Up to \$20,000,000

Capital
Lease

Operating
Lease

TRAC Lease

EFA



Leases are typically originated at 100% of the cost of the asset, plus taxes and an origination fee

The taxes are paid to the proper authorities upon closing.

Annual personal property taxes are the responsibility of the Lessee.

Funding Details



Titled assets are documented to reflect the Lessor as lien holder

UCC financing statements are filed in the name of the Lessor when applicable



Newly originated leases can be split funded directly by the lease buyer for total transparency.



Seasoned leases are sold to lenders non-recourse with appropriate assignment documentation.



Lease re-payment begins 30 days from the date of the lease and the Lease Buyer receives lease payments directly from the Lessee via ACH.

End of Term Residual Amounts

For Leases Structured With Residual Option To Purchase

- Residual Amounts Will Be Between 15% to 30% depending on the **specific transaction asset life, and IRS guidelines.**
- GTE leases are structured to eliminate residual risk to GTE or the buyer of the leases.
- This is accomplished via the TRAC lease structure or an option in the lease requiring the Lessee to pay the residual balance at lease expiration, thus transferring the residual balance obligation directly to the lessee.

Sectors Served and Term

- Manufacturing, Energy, Transportation, Construction, Industrial Services, Health Care, Fabrication, Professional and Executive.
- Any type of fixed asset (non real estate) that can be depreciated is typically eligible.
- Lease Terms: Typically between 30 and 60 months depending upon the asset type and asset life.
- Application of the prepayments at lease funding typically reduces the net term by 5 to 10 months, resulting in net lease terms of 25-50 months.

GTE Founder

Greg Ochs - an executive banker - has 29 years of financial experience including energy, manufacturing, health care, commercial real estate, commercial leasing, mergers and acquisitions, syndications, and strategic planning.

Mr. Ochs has served in leadership roles including Chief Credit Officer, Chief Executive Officer, and Board Member of a \$1.4 billion high performance independent Texas bank.