

EBRD in cooperation with  
Euromoney Learning Solutions  
and Deloitte

Problem Loans, Distressed Debt  
Restructuring and Introduction to Distressed  
Debt Sales

5 Days (14<sup>th</sup> – 18<sup>th</sup> May 2018)

Hellenic Bank Association, 21A Amerikis Street, 106 72 Athens, Greece  
Training venue: 1 Massalias str, 10680, Athens

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# About Euromoney Learning Solutions

## Who we are

Euromoney Learning Solutions is the leading global provider of tailored learning solutions to the financial sector. Established in 1983, we have pioneered the delivery of high quality, customised financial and management training to thousands of leading international financial clients.

In January 2015, DC Gardner and Euromoney Training merged to bring even more international experience and expertise. As a group, Euromoney is active in approximately 180 countries and has a hugely diverse and international range of employees, with at least 90 languages spoken and 38 offices worldwide.

In the past 5 years alone, we have provided training for over 50,000 participants worldwide, and we are part of Euromoney Trading Ltd, which provides scale and sound financials that guarantee continuity for a long-term partnership.

## International Training

Many of the courses that we provide are attended by participants from multicultural backgrounds. In the past year alone, we have provided public and tailored courses in over 40 different countries worldwide.

## Our Approach

Our training courses are highly interactive and case-study driven. The courses are designed to be practical and engaging, using exercises and market-driven data throughout the learning.

# Course Overview

**Duration: 5 Days**

Many lending institutions across the world are still burdened with a high level of actual or potential nonperforming loans or other credit exposures. In these situations, lenders need to maximize their recovery rates and optimize their long term returns, subject to prevailing insolvency laws, the lender's own capital situation and sometimes to the wider interests of other stakeholders in the firm.

Specialist knowledge is required to analyse the cause of the borrower's problems and to design and implement an optimal restructuring solution. This can involve both operational and capital restructurings, including debt for debt swaps, full or partial debt for equity swaps, discounted debt buybacks, equity cures, shareholder loans etc. In some cases, the best outcome may be full or partial asset liquidation. Cashflow forecasting is key to creating an optimal debt restructuring solution and the course covers distressed debt restructuring solutions in Excel. Case studies focus on a range of sectors including property, retail, infrastructure, house building, media and industrial.

## Objectives

- ▶ How to find early warning signs of distress in company accounts
- ▶ The main operational and financial restructuring options and how to assess which should be the most appropriate
- ▶ How to model different rescue and liquidation scenarios for distressed firms in Excel

## Methodology

The teaching methodology used on this course combines formal theoretical instruction with frequent reference to market data, use of exercises and case studies. Case studies are based on real situations and are designed to help delegates implement new valuation techniques and to learn from empirical experience. Delegates are expected to know how to use Excel at a basic level and should bring a personal computer with them. The course is intended to be practical and interactive, with delegates encouraged to ask questions. The techniques taught to delegates are intended to be of immediate practical use in the workplace.

## Agenda

### Day One by Euromoney/EBRD

#### Session One

- ▶ Introduction/Welcome
- ▶ Course Objectives
- ▶ Fundamentals of Credit Analysis - Getting everyone up to speed
- ▶ Balance Sheet, Income Statement and Cash Flow Analysis and Ratios
- ▶ CAMPARI & ICE

#### Session Two

- ▶ Definition of NPL and Distressed Debt
- ▶ Identifying the Underlying Symptoms of Distress
- ▶ Catching Decline Early
- ▶ Reasons for Failure and Identifying Warning Signs
- ▶ Psychology of Management in Distress
- ▶ Altman's 'Z' Score
- ▶ Work-out Options

#### Session Three

- ▶ Valuing a Business on a Break-Up Basis
- ▶ Benchmark for Considering Other Options
- ▶ True Asset Values
- ▶ Acceleration of Maturities
- ▶ Crystallization of Liabilities and Contingent Liabilities
- ▶ Hardening Periods
- ▶ Ranking of Creditors
- ▶ Need for Legal Audit of Documentation and Security

#### Session Four

- ▶ Valuing a Business as a Going Concern
- ▶ SWOT, PESTEL & Porter's 5 Forces
- ▶ Business Plans and Projections
- ▶ Sensitivity Analyses
- ▶ Analysing Management - Argenti's 'A' Score

## Day Two by Euromoney/EBRD

### Session Five

- ▶ Managing non-Performing Loans
- ▶ Administration and Internal Systems for NPLs
- ▶ Transaction Management and Cost Containment

### Session Six

- ▶ Stakeholders - The Company Debtor; Management, Shareholders, Staff, Directors, Trade Unions
- ▶ Stakeholders - The Banks
- ▶ Other Significant Stakeholders; Financial Creditors, Trade Creditors, Customers, Suppliers, Governments, Regulators
- ▶ The Role of External Advisors

### Session Seven

- ▶ The Work-Out Framework and Chronology: Standstill, Restructuring, Refinancing
- ▶ Rescuing a Business; Halting Decline and creating Stability
- ▶ Reviewing the Business and External Reports

### Session Eight

- ▶ Exploring and Understanding the Work-Out Options
- ▶ Evaluating the Risks and likely Returns in Restructuring Options
- ▶ Transaction Negotiation and Closure

## Day Three by Euromoney/EBRD

### Session Nine

- ▶ Short Term Standstill establishment
- ▶ Formal versus Informal Standstill
- ▶ Considerations for Entering Standstill
- ▶ Steering Committees; Formal versus Informal: Rewards, Risks and Indemnities
- ▶ Who to Include and not include in the Standstill
- ▶ Company Finance availability in Standstill
- ▶ Use and Role of Lender Counsel

### Session Ten

- ▶ Loss Sharing amongst Creditors
- ▶ International and Cross Currency Considerations
- ▶ Restructuring Objectives and Developing Proposals

### Session Eleven

- ▶ Agreements and Provisions between Creditors in a Restructuring
- ▶ Documentation, Terms and Covenants
- ▶ Haircuts, PIK and Debt for Equity Swaps
- ▶ Dealing with Holdouts, Cram Downs/Court Approved Restructurings

## Session Twelve

- ▶ Assessing Debt for Equity Swaps, Executing the Transaction and Exit Strategies
- ▶ Types of Equity Instrument, Structuring and Valuing
- ▶ Other considerations for Debt/Equity Swaps
- ▶ Tax, Legal and Regulatory Concerns for Debt/Equity Swaps

## Day Four by Euromoney/EBRD

### Case Study

A full-day case study involving the assessment, valuation and negotiation of a multi-faceted, international work-out of a company with several operating subsidiaries. Having established a restructuring proposal, delegates will be split into teams and will represent:

- ▶ The Company Directors
- ▶ Shareholders
- ▶ Bank Group of Lenders to the holding company
- ▶ Bank Group of Lenders to at least three subsidiaries where there are various inter-company positions and cross-guarantees
- ▶ Bondholders
- ▶ The Regulator
- ▶ Other Financial Creditors; Leasing companies, Factoring companies
- ▶ Bilateral bank lenders outside of the syndicate(s) both secured and unsecured
- ▶ Staff representatives

The day will comprise briefings before meetings and negotiation sessions, meetings between groups where some teams participate whilst others observe, followed by de-briefings. Discussing and understanding the vantage point and negotiation strategy and likely tactics of each stakeholder group. Watching and experiencing, first hand, the restructuring proposal evolving to its conclusion.

## Day Five by Deloitte/EBRD

9:00 - 10:30

### General European market overview / developments (experience from other markets)

- ▶ Ingredients for a successful / functioning NPL market
- ▶ Developing a deleveraging plan: why sell?
- ▶ Portfolio disposals: process and key value drivers

11:00 - 12:30

- ▶ Structured options
  - Loan on loan financing
  - Platform deals – Spain example
  - JVs / outsourced asset management
  - NPL securitisation
- ▶ The investor community: who are they and how do they operate
- ▶ How an investor approaches the underwriting / investing process including valuations

**13:30 – 15:00**

### **The EBA NPL Templates (Eric Cloutier, Senior Adviser EBRD)**

- ▶ The context: update on EU regulatory initiatives for NPLs
- ▶ Regulatory data requirements and potential implications for banks
- ▶ EBA NPL templates: background & purpose
- ▶ Why bank should consider their implementation?
- ▶ Overview: templates for portfolio screening & for transactions
- ▶ EBA NPL transactions templates
  - Approach & structure
  - Data dictionary
  - Instructions
  - Data tapes
  - Validation rules
- ▶ EBA NPL portfolio screening template
- ▶ Outlook / next steps

**15:30 – 17:00**

#### Case study: Practical application of the EBA NPL Templates (KPMG)

- ▶ How do the EBA NPL Templates align with investors' expectations?

#### Case Study: A transaction using the EBA NPL templates and KPMG Deal Tech.

- Creating a data tape using the EBA NPL Templates
- Data remediation
- Data analytics for NPL strategy and portfolio optimisation
- How technology can assist creating data tapes and support NPL transaction

## Our Expert Faculty

### **Clive Goodrum, Euromoney**

Clive Goodrum is a senior corporate finance expert, having worked for over 25 years in international banking on three continents. He has a wealth of experience in Investment Banking, Corporate Banking, Marketing and Relationship Management, Risk, Restructuring and Recoveries and has significant expertise in both Developed and Developing Markets.

Before embarking on a consultancy and training career, Clive was an Executive Director and Group Senior Vice President at ABN AMRO Bank in Amsterdam with global responsibility for the Bank's business development in the emerging markets of Central & Eastern Europe, Middle East and Africa as well as Asia and Latin America. This role focused on Risk Advisory for a large UK, Western European and North American client base in respect of capital structuring and raising, FX and interest rate exposure and cross border exposures in emerging markets.

As Global Head of Investment Banking Relationship Management, Clive built the team on four continents that provided the bridge between the bank's Corporate and Commercial bankers, the bank's Investment Bankers and client-facing staff in various subsidiaries including Equity Capital Markets, Insurance, Asset Management, Stockbroking, Debt Capital Markets and Corporate Finance/M&A. This provided a holistic approach to the bank's major corporate clients and ensured comprehensive cross-selling of the bank's product and service suite and that a significant share of clients' business at the strategic level was captured. The role included personal responsibility for the bank's relationship with the C-Suite management of global clients and resulted in a very significant number of international landmark transactions that received many finance industry awards.

Prior to this, Clive was based in London as Director and Head of Financial Restructuring and Recoveries. In this capacity, he served as a member and Chairman of several Steering Committees for high profile international work-outs of both Corporate and Financial Institution clients and served as a member of the advisory group to the Bank of England on the effects of the 'London Approach'.

Before joining ABN AMRO, Clive worked for Manufacturers Hanover Limited as a member and ultimately Head of that Merchant Bank's Special Projects Group, having joined them from Barclays Bank where he gained his initial general training in Banking as part of Barclays' Management Development Programme.

Clive is a prize winning Chartered Banker having been placed in the top 50 candidates worldwide following completion of the professional examinations of the Chartered Institute of Bankers. His specialisms include Law Relating to Banking and Finance of International Trade. He is a frequent lecturer at Bank training programmes and colleges of higher education, a presenter at financial conferences and seminars and a contributor to many published articles.

### **Volker Hans Recker, EBRD**

Volker Hans Recker is a Senior Banker at the European Bank for Reconstruction and Development. He has 25 years of experience working on Emerging Markets transactions in Latin America, North America, South East Asia and Central and Eastern Europe.

Since 2001 Mr Recker works in the EBRD's Corporate Recovery Department. Before that Mr Recker was working for 10 years for Deutsche Bank. He started to get involved with large scale restructuring projects during the South East Asian crisis in 1998 during which he was seconded by Deutsche Bank as a Senior Adviser to the Indonesian Bank Restructuring Agency, IBRA, where he worked together with an international team of experts on restructurings and credit risk related issues.

Mr Recker holds a JD and an MBA. He is a German national and speaks German, English, French and Spanish.

### **Amo Chahal, Deloitte**

Amo is a chartered accountant and Director of Portfolio Lead Advisory Services (PLAS) at Deloitte. He has extensive experience in financial services from both a restructuring and transactional perspective.

Amo has advised on various loan portfolio transactions on both the sell and buy side. Recent sell side advisory experience includes multiple asset classes within commercial and consumer debt across the CEE region, UK, Ireland, Germany, France, Spain, Netherlands and the Nordics.

Prior to joining the PLAS team at Deloitte, Amo was in financial services restructuring and has experience in Bank winding-down procedures and implementation of core and non-core strategies.

### **Jamie Sullivan, Deloitte**

Jamie is a chartered accountant with over 9 years financial services experience focusing on portfolio sales, restructuring, audit and transaction advisory.

Prior to joining the PLAS team, Jamie was in the banking and capital markets audit group in London, UK, working on audit and expert witness engagements for large European banks, stockbrokers and small investment banks. Prior to that he worked in the financial services audit group in Toronto, Canada, focusing on securitisation structures and asset managers.

While in PLAS, Jamie has completed multiple sell-side and buy-side engagements focusing on the UK, Ireland, Germany, Austria and throughout the CEE region.

### **Alok Gahotra, Deloitte**

Alok has over 18 years corporate finance advisory and investing experience, most recently specialising in the acquisition of loan portfolios. Before joining Deloitte, Alok was part of the Portfolio Investment team at Bank of America Merrill Lynch.

As part of the team at Bank of America Merrill, Alok spent the last 5 years investing in and managing portfolios across Europe including in Poland, Portugal, Romania and Greece where the Bank invested in multiple portfolios. He was also responsible for the group's multiple investments in India.

Prior to his principal investment role Alok worked within the Corporate Finance teams at Deloitte and Andersen, in the UK, ME and in India.

### **Eric Cloutier**

Eric is a Managing Director at KPMG UK in Deal Advisory Banking and at KPMG ECB Office in Frankfurt (i.e. European technical hub), where he is responsible for the NPLs and Bankresolutions topics. Eric has over 16 years experience advising regulators, stakeholders and banks across 25 countries. He specialises in systemic and structural solutions for distressed banking and non-performing loans (NPLs).

Eric joined KPMG in 2015. He was previously Director at Alvarez & Marsal from 2011. Prior to being a consultant, Eric worked in real estate banking for seven years in The Netherlands and France, specialising in restructuring and recovery for large project finance and realestate investments

exposures. Eric began his career in New York as a Trade Commissioner to the USA with Canada's Department of Foreign Affairs and International Trade.

A Canadian national, Mr. Cloutier is fluent in English and French.