

# Executive Education Masterclass

# Problem and Distressed Loan Management

22 May 2012  
9:30am – 5:00pm

An intensive Masterclass exploring the key skills needed to manage and operate a problem loan assessment and recovery system that uses the optimum combination of automation and hands on techniques.

Attendees will gain an essential understanding of:

- what can go wrong and how to spot and prevent it – and timing
- strategies, planning and procedures
- implications of structures used in debt facilities
- the role of agents in syndicated facilities
- management systems
- restructuring solutions

# Problem and Distressed Loan Management

This workshop is designed to provide Recoveries Managers, Heads of Departments and senior staff with the key skills that they require to manage and operate a problem loan assessment and recovery system that uses the optimum combination of automation and hands on techniques. The emphasis is on the practical as well as the theoretical with examples and case studies throughout the course and discussions so that delegates can pool their experiences and learn from both mistakes and successes.

## Learning Objectives

Delegates will obtain a detailed and practical appreciation of the challenges facing the “problem loan” team and will be able to apply a mixture of hands on and automated skills by the finish. Specifically delegates will consider:

- What goes wrong and how to spot and prevent it – and timing
- Understanding implications of structures used in debt facilities
- Strategies, planning and procedures
- Role of agents in syndicated facilities
- Management systems
- Restructuring solutions

## Who should attend?

- Managers in Recoveries
- All senior and support staff involved in recoveries
- Heads and Managers of corporate finance
- All senior and support staff involved in corporate finance
- Lending Managers
- Inspection/Audit staff
- Anyone with an interest or responsibility for corporate lending

## Methodology

Classroom style presentations using case studies and practical examples as well as group discussions.

## Knowledge pre-requisites

Some knowledge of bank lending and debt recovery systems would be an advantage but is not essential. The content of the course can and will be tailored to meet the needs and experience within each delegate group.

## Programme Agenda

### Background to the distressed loan market

- Europe
- USA
- Asia

The session will look at how the markets developed and what lessons are to be learnt from previous cycles. Similar issues or not?

### Understanding the key problems

Understanding the key issues and position of the borrower; some common themes:

- Unstable funding sources
- Volatile earnings
- Over-concentration
- Asset and liability mismatches
- Excessive growth
  - Liquidity analysis
  - Off-balance sheet liabilities
  - The importance of initial data gathering
  - Early signs and how to spot them
  - Systems/strategies for monitoring potential problems
  - Risk/reward considerations
  - Security and when to call/enforce it

Use of various case studies

### Strategies, planning and procedures

- Designing and implementing a debt management system
- Hands on versus automated
- Planning the process
- Setting up procedures
- The case for legal action and how to manage it
- Outcomes & follow up

Case Studies

### The Players in the Syndicated Market and their various strategies, perspectives and goals:

- Banks
- Institutional investors
- Sponsors
- Vulture funds

The session will consider what are the key drivers; who might be behind the scenes (e.g. silent sub-participants); implications for public-side investors; external influences such as Basel and provisioning requirements; debt buybacks by sponsors, the issues and implications for lenders.

Case study around debt buybacks

### **The Legal and Cross Border Implications:**

- Syndicate control i.e. voting levels, majority/unanimous decisions and implications when not reached
- Financial covenants – breaches and cross default triggers
- Material adverse effect clauses
- Consequences of an event of default
- Transfer rights and restrictions – some issues to consider under differing jurisdictions
- Sub-participants, their rights and elevations
- Guarantees and security – what has actually been taken and perfection issues under differing jurisdictions
- Intercreditor agreements and waterfall of funds

### **Debt Structures and Understanding Lenders Reaction to a Default:**

- A review of leveraged and complex debt structures
- Cross border issues in group companies
- Due diligence and information rights in agreements; the hamburger strategy
- Multi tranching facilities v borrowers with multiple debt facilities
- Facing up to the situation, syndicate dynamics
- Multiple coordinating committees
- Understanding the differences between perceived legal rights v actions by creditors lower down the waterfall in non-consensual restructurings

Case study with delegates split into different groups, each with a differing lending/equity perspective.

### **The Agent, Standstill Arrangements and Appointment of Professional Advisors:**

- Key features of the appointment: company
- INSOL statement of principles for multi-creditor workouts
- Political pressures? Potential implications for major banks and their trading strategies
- Role of co-ordinating committee and purpose of appointment

### **Restructuring Solutions**

Implementation issues for:

- Consensual restructurings
- Non-consensual restructurings
- Alternative: Sale of loan/debt instrument

Debt-Equity Swaps:

- When are these a viable solution?
- What are the practical implications?
- Negotiating power of shareholders
- Directors' and Lenders' Liability issues

Case study on a debt equity swap



# About your Masterclass leader...

## Simon Ling-Locke, **MBA, FCIB, DipFS**



Simon Ling-Locke was the head of the European leverage finance and corporate teams at UFJ Bank and managed a book of over USD2 billion in assets. Overall he has in excess of 30 years banking experience in the international markets and has spent 25 years working in the syndicated loan market gaining a wide range of experience across risk management, particularly credit risk and distressed debt in major banking organisations including Barclays, Tokai and UFJ banks.

Before embarking on his career as a full time trainer, lecturer and consultant, Simon headed up and developed the training activities at the Loan Market Association providing courses and lectures across Europe, Middle East, Russia and USA to bankers, institutional investors and lawyers.

Simon has a long experience of dealing with risk management across borders and has covered various business sectors including chemicals, construction, food, hotels, manufacturing, retail, power and project financing.

In addition to his financial expertise, he has extensive experience lecturing at a number of high ranking universities and professionally on public and private courses around the world. For the past 13 years he has and continues to teach on Master level courses on strategic finance and management subjects for the Open University Business School. At the **ifs School of Finance** he is a senior lecturer on applied credit analysis; financing and management of risk; portfolio management; and international trade finance subjects. Furthermore Simon is a guest lecturer at the European School of Economics on multinational corporate finance, mergers and acquisitions, accounting and finance subjects at Msc and MBA levels.

Simon is an active trainer and consultant on risk management, credit risk, credit portfolio management and debt restructuring subjects for various professional organisations around the world and has undertaken research and written articles for various publications including *Financier Worldwide* and the Turnaround Management Association.

Simon holds a Masters of Business Administration, obtained post graduate qualifications in banking and finance and is a Fellow of the **ifs School of Finance**.

## Location

**ifs School of Finance**, 8th Floor, Peninsular House, 36 Monument Street, London EC3R 8LJ, United Kingdom.

## How to book

Please return your completed registration form (attached) to the Events team, **ifs School of Finance**, 8th Floor, Peninsular House, 36 Monument Street, London EC3R 8LJ, United Kingdom.

Alternatively please contact +44 (0)20 7337 6286, email [executiveeducation@ifslearning.ac.uk](mailto:executiveeducation@ifslearning.ac.uk) or book online at [www.ifslearning.ac.uk/executiveeducation](http://www.ifslearning.ac.uk/executiveeducation).