

PROBLEM LOAN MANAGEMENT

A Framework for Managing, Mitigating and Resolving Non-Performing Loans

OVERVIEW

This intensive three-day course provides a rigorous and comprehensive framework for managing problem loans, from a strategic and operational perspective. It will provide participants with a sound approach and methodology for identifying, assessing and managing problem loans from origination to resolution. Beginning with how problem loans impact an institution's soundness and reputation, the course also explores the root causes, both internal and external which contribute to problem loans. It addresses the implementation of an effective early warning system, as well as the benefit of scenario planning and stress testing. The course then covers the practical options, approaches and methods for resolving both non-performing portfolios and individual loans, illustrated with real-life case studies. By addressing the day-to-day challenges of non-performing loans, as well as extraordinary circumstances, the course prepares and enables the participants to develop and implement an effective plan for improving their bank's position.

WHO SHOULD ATTEND?

The course has been designed for credit professionals responsible for detecting, assessing, monitoring, managing and resolving problem loans, as well as professionals with portfolio management responsibilities. Credit professionals within departments such as Credit Risk Management, Credit Policies and Procedures, Risk Assessment, Credit Approval, Loan Administration/Monitoring, Collections and Workouts, as well as managers within Retail, SME and Corporate Business Units would benefit from this training program. **If you are asking yourself any of the following questions, then it is definitely for you:**

- *Is there a methodology for managing problems?*
- *How can I and my management avoid being surprised by or unprepared for an increase in problem loans?*
- *Are there early warning indicators of problem loans; if so what are they and how can we use them?*
- *Should we create a specialist workout department and, if so, how should it be structured?*
- *What models and methodologies, tactics and tools are available to help resolve a portfolio of Non-Performing Loans?*

OBJECTIVES

Participants in the course will come away with:

- A fundamental understanding of how problem loans impact a lending institution's operations;
- An understanding that defining problem loans effectively facilitates identification and resolution;
- An approach of classifying problem loan causes that facilitates the task of prioritizing mitigation strategies;
- An awareness of various strategies for resolving problem loans;
- An understanding of financial analysis approaches used assess distressed companies;
- An understanding of how negotiating fundamentals are applied to resolving problem loans; and
- An ability to contribute to their institution's problem loan policies and procedures.

This course includes:

- Problem Loan Early Warning Checklist
- Cash Crisis Checklist
- Workout Problems and Issues Aide Memoire
- Distressed Borrower Financial Performance Monitoring Tool
- Problem Loan Management Planning Template

COURSE CONTENTS

MODULE 1: DEFINING PROBLEM LOANS & ASSESSING THEIR COST ON INSTITUTION'S SOUNDNESS & REPUTATION

- Costs of Problem Loans
- Problem Loans and Their Impact on an Institution's Operations, Soundness and Reputation
- Defining Characteristics of Problem Loans
- How Banks Get into Trouble
- Objectives of Problem Loan Management

- Preventing Problem Loans

MODULE 2: CAUSES OF PROBLEM LOANS AND EARLY DETECTION

- Major Causes of Problem Loans
- Profiles of Problem Companies
- Early Detection
- Early Warning Signs
- Information Needs and Information Gathering
- The Role and Importance of the Interview & Monitoring Process

MODULE 3: ANALYZING AND SOLVING THE PROBLEM LOAN

- Analyzing the Problem (Big Picture)
- Analysis of (Management, Financials & Strategy)
- Solving the Problem
- Situation Analysis

MODULE 4: DEVELOPING THE PLAN TO IMPROVE THE BANK'S POSITION

- Preliminary Considerations
- Stages or Steps (Typical/Possible) to Payout
- Anticipating the Possible Stages to Payout
- Discounting as an appropriate alternative
- Preparing a Wish List
- Assessing Your Strengths and Weaknesses

MODULE 5: FUNDAMENTALS OF LOAN RESTRUCTURING

- Key Concepts of Loan Structuring and Restructuring
- Purpose of the Workout
- Liquidating Collateral
- Reviewing Collateral & Ensuring Perfection
- Fundamentals of Bankruptcy
- Resolving and/or Restructuring Problem Loans.
- Negotiating a Loan Restructuring

MODULE 6: ADMINISTERING PROBLEM LOANS AND POLICIES AND PROCEDURES

- Preventing Problem Loans (4Ps of Prevention)
- Strengthening Credit Administration
- Preventing Problem Loans
- Prioritizing Tasks Involved in Managing a Problem Loan Portfolio
- Considerations when Developing a Workout Department
- Good Bank vs. Bad Bank Case Study

TOOLS, MODELS & TEMPLATES

Courses are supplemented with a range of practical documented methodologies, models, tools, and templates refined from best practice, and tried and tested in a range of leading banks. Participants can take these back to the workplace to adapt and apply, and wherever appropriate, to make a tangible improvement to policy and practice in their own bank.

End of Course & Wrap Up

COURSE DURATION	DELIVERY MODE	DELEGATE CLASS SIZE	COURSE FEE/PARTICIPANT
5 DAYS	In-Plant	8 (Guaranteed Minimum)	For quote, please click http://demvros.com/contact/
Discount is available for class size above the minimum. Please visit www.demvros.com or call 08056154199 or e-mail for enquiries.			