

# BIBF

معهد البحرين للدراسات المصرفية والمالية

Shaping tomorrow's financial leaders today

# Debt Restructuring

27 - 29 September 2009



# DEBT RESTRUCTURING

## Course Overview

The objective of this course is to improve the familiarity of the participants with the core concepts of loan defaults, workouts and restructurings including early warning signals. They will also be taught what to do when faced with a default and will learn about the legal options.

In addition participants will be shown how to design remedial plans, to evaluate restructuring alternatives, to handle inter-creditor issues, to value distressed assets and to enforce security. The seminar will also contain numerous case studies.

## Course Contents

### DAY 1

#### Problem Recognition

- Credit Culture
- Credit Process
- Delegation of Authority
- Team Effort
- Accountability vs Blame
- Real life examples

#### Early Warning Signals

- Financials
- Industry Trends
- Promoter Losing Focus
- Discusses Scam deals
- Bank Guarantee Structures etc
- Key people leaving

Senior Management to take views on Industry wide recession and Sector related issues.

(Early bird catches the worm.)

**Case Study** : Groups to study credit packs and arrive at an understanding of the early warning signals from both published data and from minutes of meeting and other call memos in the organizations files. The disadvantage of the computer files.

#### Events of Default

- Potential Event
- Covenant Breach
- Mark to Market
- Stress Testing
- Portfolio Analysis

#### Reaction to Default

- Facing up to the situation
- Syndicated Loan
- Multi Banked Loan
- Multi layered relationship for eg Equity, Underwriting and Lending
- Knee jerk or going by the book results in greater damage

**Case Study** - About the restructuring attempt of a UK Company engaged in machine tooling but chose to list in Asia and then the downward spiral begins.

## DAY 2

### Different approaches

- Good Bank - Bad Bank
- Credit takes over -disastrous
- Marketing guys forced to continue  
(Such seminars a very positive step.)

Team discussion to arrive at best approach in these scenarios. Interactive session based on the participants experience and knowledge of how their company deals with problem loans

### Preparation for Legal Battle

- Legal Independent Audit
- Mock Trial - worth the cost
- Prepare before war
- Maintain one window of communication only
- Choice of Lawyers – In-house Legal hurdles

Real Life case study of recovering \$12 million share financing before the shares tumbled - half the battle was internal politics. Early warning signals made us decide to call default but influential customer put pressure through Private Banking and the steps taken to ensure every one agreed to take the drastic step.

### Managing Professionals

- Consultants
- Lawyers
- Accountants and
- Insolvency Practitioners - their interest vis vis Banks
- Terms of Reference and Fees

**Case Study** : Legal structures involved in restructuring cross border deals will be discussed. Role playing will be used as a means to obtain a good understanding of the roles and responsibilities of the parties involved.



## DAY 3

### Cashflow Modelling

- Creating a Loan Repayment Model
- Effect of Restructuring on the Excel
- Stress Testing the Financial Model
- Sensitivity Analysis
- Valuation of Distressed Asset

Real life study where the In-house Legal decided that the funds pledged was not properly pledged as the depositor name was changed from Borrower to his sister for tax reasons. "Past consideration" was cited as the reason to return pledged funds to Commercial Affairs (Police) as it involved Fraud. Events unfold and case law was shown to prove that past consideration does not relate to time the overdraft was established but to the time the funds were withdrawn.

Arriving at the cash flow model to arrive at the debt restructuring of a property portfolio given the pressures on rent renewals, increased construction costs and decreasing sales.

### Shaking the Tree

- Pro active approach
- Understanding the problem
- Agreeing on Strategy
- Finding a Solution
- Feedback and monitoring results

**Case Study** of the restructuring of \$180 million debt provided by 6 banks to a agriculture based company which had presence from Latin America to Asia.

Actual steps taken to recapitalize the Company and restructuring the debt was just part of the efforts to restructure the operations and monitor the performance of the Company. Finally, the convertibles used to restructure the Company was used to convert the loan into shares which were sold in the market to recover the bad loan in full.

### Remedial Management

- Process
- Evaluating strategies
- Ongoing management of Bad Loans
- Valuing security
- Making provisions

### Lessons Learnt

- Credit Risk taken
- Factors taken to decide delegation of authority
- Risk rating model – over-reliance on S&P, Moody
- What could have been done
- Skill sets to be developed
- How to avoid one in future

## Program Faculty

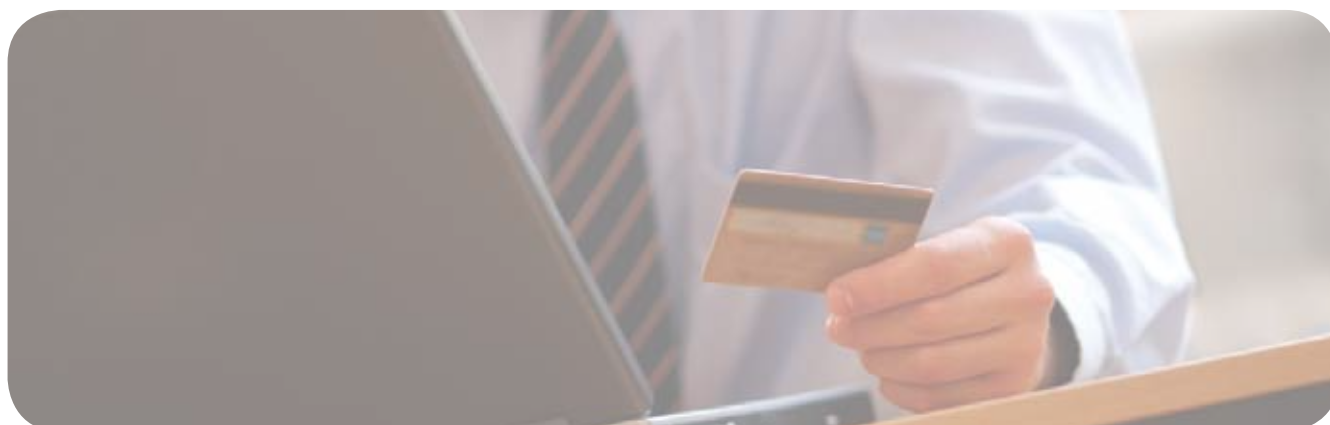
### AKM Ismail

AKM Ismail (known as "Ismail") graduated from the National University of Singapore in 1984. He then joined DBS Bank in Singapore, working there until 1993, initially as an international loans officer and then in the real estate unit of the corporate banking division, rising to the rank of assistant vice president.

In 1993 he joined the real estate unit of Citibank in Singapore, quickly being promoted to vice president and then became a director (and later head) of Citibank's Offshore Business Unit. In 1999 he became the Head of its Restructuring and Recapitalisation Unit where he managed the bank's portfolio of credit intensive deals which required restructuring and recapitalisation efforts. One example of his work was the restructuring of the debts of a listed company involving seven banks.

From 2001 until 2008 Ismail served as managing director of Asia Pacific Investments plc, working in both London and Singapore. His work again involved restructuring but also project finance. He was responsible for arranging the project finance for the mining transactions of the group.

Ismail also has substantial experience as a trainer. During the period 1988 to 1994 he conducted many courses for Singapore's Institute of Banking & Finance, particularly in real estate, project finance and capital markets. Since then he has still been delivering regular seminars in-house for the junior staff of his employers in these and other areas (which now include debt restructuring, corporate banking and syndicated loans).



#### Course Facts:

Duration : 27 - 29 September 2009  
Venue : BIBF  
Timing : 8:00 am - 2:30 pm  
Fee : BD 600

#### For Registration, contact :

#### The Registrar

Tel: +973 17 815555 / 17 815518  
Fax: +973 17729928/17916420/17916444  
Email: [infodesk@bibf.com](mailto:infodesk@bibf.com)  
Website: [www.bibf.com](http://www.bibf.com)

## DEBT RESTRUCTURING

### REGISTRATION FORM

Duration: 27 - 29 September 2009

Venue: BIBF, Kingdom of Bahrain

Fees: BD 600 BD

Organization Sponsored

Self Sponsored

Name of the participant (s):

1. (Mr/Mrs/Ms): \_\_\_\_\_  
First Name Middle Name Last Name

Position Department Nationality Tel Email

2. (Mr/Mrs/Ms): \_\_\_\_\_  
First Name Middle Name Last Name

Position Department Nationality Tel Email

3. (Mr/Mrs/Ms): \_\_\_\_\_  
First Name Middle Name Last Name

Position Department Nationality Tel Email

Contact Person

(Mr/Mrs/Ms): \_\_\_\_\_  
First Name Middle Name Last Name

Position: \_\_\_\_\_ Department: \_\_\_\_\_

Organization: \_\_\_\_\_ Nationality: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email: \_\_\_\_\_

Signature & Stamp: \_\_\_\_\_ Date: \_\_\_\_\_

#### Methods of Payment

1.  Please find enclosed a cheque for \_\_\_\_\_ made payable to BIBF

2.  Please debit my credit card: Visa  MasterCard

Card No: \_\_\_\_\_ Expiry date: \_\_\_\_\_

Cardholder's name: \_\_\_\_\_ Signature: \_\_\_\_\_

Please forward this form together with course fee to:

The Registrar

The Bahrain Institute of Banking & Finance – BIBF

P.O. Box 20525, Manama, Kingdom of Bahrain.

Tel: +973 17815555 / 17815518 Fax: +973 17729928 / 17916420/17916444

E-mail: registrar@bibf.com Website: www.bibf.com

**IMPORTANT NOTICE:**

All courses are subject to demand. The Institute reserves the right to cancel or postpone courses at short notice at no loss or liability where, in its absolute discretion, it deems this necessary.

**CANCELLATION AND REFUND OF FEES:**

In the case of cancellations by delegates, fees will only be refunded if a written notice of cancellation is received by the Institute not less than two weeks prior to the commencement of the course/program in question. Course/program fees already paid or invoiced may not be refunded and invoices will be due and payable. Substitute delegates are permitted.

**VISA PROCEDURES:**

GCC nationals and residents do not require a visa for the Kingdom of Bahrain. All others should have an entry visa, which BIBF can arrange. Should you wish that the Institute obtains an entry visa for you, please mail or Fax (+973 17 916402) our Information Desk, a copy of your passport at least 15 days prior to the course/program starting date. Visa costs will be charged to the participant.

**ACCOMMODATION & TRANSPORTATION:**

Hotel accommodation and transportation costs are the participant's own responsibility. Should you wish that the Institute arrange accommodation for you, please Fax (+973 17 916402) our Information Desk or Email [infodesk@bibf.com](mailto:infodesk@bibf.com) for assistance.

# About BIBF

BIBF is a leading professional training Institute in Bahrain and the Gulf Region. It was founded in 1981 to provide training for the banking community in Bahrain. Since then it has evolved into an internationally recognised training and development organization. The Institute provides education and training in Banking, Corporate Finance, Capital Markets, Risk Management and Compliance, Treasury, Insurance, Islamic Finance, Leadership and Management, Accounting and IT. BIBF enjoys strategic relationships with international professional bodies like ifs School of Finance, DePaul University, Bentley College, University of Wales, CFA, PRMIA, ACI, CIMA, CPA, ICA, ACAMS.

The logo for BIBF (Bahrain Institute of Banking and Finance) features the letters 'BIBF' in a bold, dark blue font. The letters are stylized with horizontal lines passing through them, creating a sense of motion and connectivity.

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