

# CERTIFIED EXPERT IN NPL MANAGEMENT & INVESTMENT



## Course Overview

### Distressed debt recovery and corporate turnaround!

The unfolding shocks in the world economy have defined a new risk environment for financial institutions. Banks, regulators and investors may soon need to tackle a new wave of distressed debt and non-performing loans (NPLs).

With the Certified Expert in Distressed Debt Recovery you will be equipped with key skills to manage loan defaults. You will learn to recognize debt distress among households and enterprises and to design best-practice restructuring solutions that recover loans, and return borrowers to financial health. A core part of the course will deal with hands-on restructuring techniques, which will be simulated through a number of numerical exercises and case studies.

#### Unit 1: Course introduction, and the context for NPLs and private sector debt

- Course plan and objectives
- Course organization and logistics
- Private debt and NPLs as multiple crises evolve
- The context for NPL restructuring

#### Unit 2: Debt distress: the early warning signs

- Overview
- Arrears, default, and the NPL life cycle
- Corporate debt distress: setting up an early warning system
- Recognizing household over-indebtedness
- State-sponsored borrower relief measures

#### Unit 3: Impairment and defaults

- Overview
- Why bank asset quality definitions vary so widely
- Reporting problem loans
- Standards in the EU
- The accounting framework: IFRS and expected credit losses
- Integrating three perspectives on bad loans and flexibility in a recession

#### Unit 4: Supervision and NPL management

- Overview
- Why supervisors care: high NPL banks are weak banks
- The response from supervisors: NPL guidelines from the ECB and European Banking Authority
- Best practice: the ECB guidance to banks on non-performing loans
- Conclusions: is the bank ready?

## **Unit 5: Quantitative analytics for arrears management and in consumer and MSME finance**

- Descriptive portfolio statistics to track arrears
- Household loan restructuring and arrears management
- The bank's rights in a personal insolvency
- Mortgage restructuring and borrower protection
- Arrears management and responsible collections
- Efficient and targeted arrears management

## **Unit 6: Policies and institutions in NPL crises**

- Overview
- Past debt crises in Asia and Europe
- Lessons from past crises
- Asset management companies
- Rules for state aid to banks
- Asset transfers and bank resolution

## **Unit 7: Insolvency regimes and asset recovery**

- Overview
- How the insolvency regime shapes creditor rights
- Elements of effective insolvency regimes
- Assessing insolvency regimes in practice
- Pre-insolvency restructuring in Europe

## **Unit 8: Out-of-court workouts**

- Overview
- The path to the out-of-court workout
- Organizing multi-creditor workouts
- The restructuring plan
- Deciding between alternative options
- Case studies

## **Unit 9: Loan sales and securitizations**

- Overview
- Loan sales in the workout strategy
- The valuation of a distressed loan portfolio for sale
- The secondary loans markets in Europe and emerging markets
- The regulation of loan transfers and external servicing
- The distressed asset transfer process
- NPL securitizations

## Suggestions & recommendations

While you decide on the timing and pace of your learning experience we would like to give you some recommendations on how to get the most out of this course:

**Your schedule:** We will provide you a course schedule including voluntary and mandatory deadlines. The course schedule serves as guideline for your personal learning schedule and will help you completing the programme within the given time frame.

**Exercises:** Even though the exercises in the script are not mandatory we strongly advise you to use them as an opportunity to check your knowledge and to prepare for the final exam.

**Assignments:** With the assignments you will learn how to apply the knowledge learned during the course. It is important that you take time to read the necessary material and to solve the assignment.

**Networking Opportunities:** Use the forum to introduce yourself your peers and start interesting discussions.

