

NPA/NPL Management, Methods, and Practices

25-27 November 2013

Korea Banking Institute, Seoul, Republic of Korea

Type of Participant Targeted

This training seminar is primarily aimed at middle level officers of state-run/public AMCs in Asia, as well as officers of institutions entrusted with crisis management and resolution in countries without public AMCs. In addition, the seminar aims to invite participants from public corporations, government-affiliated think tanks, and financial regulatory authorities.

Prerequisites

No pre-course reading materials are required for this seminar.

Course Overview

This seminar will investigate and assess the different approaches taken by policymakers and economic managers in the region with regard to the resolution of non-performing assets (NPAs) of their banking sectors. More specifically, the course will answer questions: "where" should NPAs be managed; and "how" will these NPAs be resolved? It will also include approaches that do not utilize public AMCs to resolve NPAs, as well as the relevant laws, effective organizational structures, funding methods, etc.

Learning Objectives

- A. Upon completion of this 3-day course, the participant should be able to:
- B. Distinguish between the different approaches to resolving NPAs and evaluate and choose the most effective approach to NPA resolution suitable for their specific country situation
- C. Outline options for the reform and long-term disposition of state-owned enterprises (SOEs)
- D. Evaluate and analyze non-performing assets
- E. Plan a debt workout program for certain types of NPAs
- F. Plan and strategize the long-term sustainability of their AMCs by developing new products and services and entering new markets outside the country

What you will receive on completion of this course

Participants who attend the full 3 days of sessions will receive a Certificate of Attendance under the International Public AMCs Forum.

International Public AMCs Forum
Seminar on NPA/NPL Management, Methods, and Practices
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Hour	Monday	Tuesday	Wednesday
9:00 to 10:30	Participant Registrations 8.30am - 9.00am	<p>Bad banking: what can we learn from the Swedish experience Lotte Schou-Zibell Asian Development Bank</p> <ol style="list-style-type: none"> 1. The boom and bust cycle of the crisis 2. Steps taken to avoid too much disruption 3. The establishment of two bad banks 4. Restructuring bad assets 5. Lessons learned 	<p>Beyond asset management: The case for expanding business scope of public AMCs Kichoon (K.C.) Jung Sung Soo Chang MI-Hye (Misheall) Kim</p> <p>A number of public AMCs are converting their business models by adding other financial services and transforming into public AMCs++. What are the potential avenues of expanded business scope? What are the relevant reasons and required resources for this expanded scope?</p>
	Welcome and Opening Remarks 9:00am – 9.15am		
	Official Photo & Participant Introductions 9.15am – 9.30am		
	9.30am – 10.30am Keynote Address by Dr. Junkyu Lee – Asian Development Bank "Asian financial integration and stability in uncertain times"		
	Break	Break	
11:00 to 12:30	<p style="text-align: center;">Introduction and Review of AMC Objectives and Operations</p> <p style="text-align: center;">J Hambric</p> <ol style="list-style-type: none"> 1. Introduction: Using the ADB AMC presentations from 1999, we can compare and contrast what was seen as important then, and what is important now. 2. AMC Strategic Objectives 3. Conclusions and Principles for Success 	<p>Management of SOEs / Large Companies: SOE Reform in the Region and the Role of Public AMCs</p> <p style="text-align: center;">J Hambric</p> <p>State-owned enterprises (SOEs) comprise a disproportionate influence on some of the region's developing economies. Troubled SOEs have led to calls to reform these countries' SOE sector. What crucial role will the public AMCs play in this reform process? Issues to be discussed include the following:</p> <ul style="list-style-type: none"> o State-owned property development and management 	<p style="text-align: center;">09.00am – 09.50am Public Property Development and Management</p> <p style="text-align: center;">(Break)</p> <p style="text-align: center;">10:00am – 10:50am Shipping Fund</p> <p style="text-align: center;">(Break)</p> <p style="text-align: center;">11:00am – 11:50am On-bid (Online Bidding System)</p>

		<ul style="list-style-type: none"> o Management of large financial holding group o Restructuring of state-owned enterprises and private enterprises o Corporate restructuring and M&A (as alternative to distressed asset sales) o Listing of large state-owned enterprises (as a form of exit strategy) <p style="text-align: center;">J Hambric</p> <ol style="list-style-type: none"> 1. SOE Advantages and Disadvantages 2. What can be privatized 3. Challenges of privatization 4. Alternative approaches used by other countries 5. Obstacles in privatization 6. Listing as an exit strategy 	12.00pm – 12.30pm Closing Remarks & Certificate Presentation
	LUNCH	LUNCH	LUNCH
1:45 to 3:15	Managing, Valuing and Liquidating NPLs: Practical methodologies for converting assets into cash. Part 1 <p style="text-align: center;">Jack Biggs</p> <ol style="list-style-type: none"> 1. Mission and Roles in the asset management process <ol style="list-style-type: none"> a. Management b. Support Units c. Role of the Front Line Asset Manager 2. Converting Assets into Cash: <ol style="list-style-type: none"> a. Inventory of the File b. Due Diligence – Borrower, Guarantor, Collateral, Litigation 3. Valuing the Collateral – Holding periods, costs and income 	Challenges & Sharing of Experience – Round Table Discussions <p style="text-align: center;">J Hambric & Jack Biggs</p>	FREE TIME
	Break	Break	Break

<p>3:30 to 4:30</p>	<p>Managing, Valuing and Liquidating NPLs: Practical methodologies for converting assets into cash. Part 2</p> <p>Jack Biggs</p> <p>4. Baseline Scenario: Legal Collection 5. Alternative Scenarios: PAA, DPO, Restructure, Sell 6. NPV Analysis of Alternative Resolutions 7. Benchmark and Manage Process 8. Bulk Sales of Loans</p>	<p>Debt workouts in the Asian setting: Methods, Practices, and Pitfalls Mr.Saharatna Benyakul Sukhumvit Asset Management of Thailand</p> <p>Debt workouts or out-of court restructurings are the preferred alternative to outright bankruptcy and eventual distressed asset sale. It is also the typical NPL resolution method among Asian AMCs. This topic will examine the differences and similarities in debt workout practice among Asian countries, as well as the comparative costs of the workout programs. It will also answer the question what are the factors that would indicate the success or failure of a workout program?</p>	<p>FREE TIME</p>
<p>4:30 to 5:00</p>		<p>Wrap up and Comparison of Local Experience</p>	