

# **Establishing Mechanisms for Maximizing Recovery of NPLs & Evolving Roles of AMCs**

**27-29 May 2014**

**AFDC, Shanghai, People's Republic of China**

## **Type of Participant Targeted**

This training seminar is primarily aimed at mid-level officials of state-run/public asset management companies (AMCs) in Asia, as well as officials of public institutions entrusted with crisis management and resolution in countries without public AMCs. In addition, the seminar aims to invite participants from officials of economic ministries and central banks, 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: what are best practices for establishment and operations of AMCs? What are the historical recoveries from international AMCs? What are best practices for management and resolution of non-performing loans (NPLs)? What can be done to resolve assets from State Owned Entities (SOEs) and can debt for equity swaps be used as an exit strategy?

## **Learning Objectives**

Upon completion of this 3-day course, the participant should be able to:

1. Evaluate how recovery rates are affected by the strategic objectives of the AMC
2. Compare and contrast historical recovery rates from international AMCs
3. Recognize the attributes of asset management, valuation, collection alternatives and disposition alternatives
4. Identify the options for resolution of state owned enterprises and the use of debt for equity swaps as a recovery alternative
5. Describe the evolution of AMCs and explain what their futures may hold

## **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.

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Hour	Tuesday	Wednesday	Thursday
9:00 to 10:30	<p>Participant Registrations 8.30am - 9.00am</p> <p><b>Welcome and Opening Remarks (PRC, TBD)</b> <b>(9:00am – 9.15am)</b></p> <p>Official Photo &amp; Participant Introductions (9.15am – 9.30am)</p> <p>(9.30am – 10.30am) <b>Keynote Address by</b> <b>Junkyu Lee, Principal Economist, ADB</b> "Asian financial integration and stability in uncertain times"</p>	<p><b>Managing, Valuing and Liquidating NPLs: Practical methodologies for converting assets into cash.</b> <b>Jack Biggs</b></p> <ol style="list-style-type: none"> <li>Mission and Roles in the asset management process</li> <li>Converting Assets into Cash:</li> <li>Valuing the Collateral – Holding periods, costs and income</li> <li>Analysis of Alternative Resolutions</li> <li>Benchmark and Manage Process</li> <li>Bulk Sales of Loans</li> </ol>	<p><b>Beyond asset management: The case for expanding business scope of public AMCs</b></p> <p>- China Cinda Asset Management Co., Ltd. (TBD)  <b>- Li Wenhao, Deputy Senior Manager, China Great Wall Asset Management Corporation</b>  <b>- Bai Junjie, Senior Economist, China Huarong Asset Management Co. Ltd.</b></p>
	Break	Break	Break
11:00 to 12:30	<p><b>Introduction and Review of AMC Objectives and Operations</b> <b>J Hambric</b></p> <ol style="list-style-type: none"> <li>Introduction: Using the ADB AMC presentations from 1999, we can compare and contrast what was seen as important then, and what is important now.</li> <li>AMC Strategic Objectives</li> <li>Conclusions and Principles for Success</li> </ol>	<p><b>Case Study on Indonesia</b> <b>Edimon Ginting,</b> <b>Deputy Country Director,</b> <b>ADB IRM</b></p>	<p><b>Wrap up Workshop: Implications of evolving roles of AMC</b> <b>Junkyu Lee &amp; Edimon Ginting – ADB</b> <b>Jack Biggs &amp; J Hambric</b></p> <p>A number of public AMCs are expanding their business scope whilst evolving into public AMCs++. What does this imply and what should become their strategic objectives under the fast changing business landscape?</p>
	LUNCH	LUNCH	<p>12.00pm – 12.30pm  <b>Closing Remarks &amp; Certificate Presentation</b>  <b>Hu Jianzhong, Vice President, China Great Wall Asset Management Corporation</b></p>
1:45 to 3:00	<p><b>Historical experiences Part I in AMCs</b></p> <ol style="list-style-type: none"> <li>U.S. experience – recoveries from FDIC and RTC</li> <li>Europe – recoveries from European (Nordic, Eastern Europe, Western Europe)</li> </ol> <p><b>Jack Biggs &amp; J Hambric</b></p>	<p><b>Debt Collection from Operating Companies</b> <b>Jack Biggs &amp; J Hambric</b></p> <ol style="list-style-type: none"> <li>Private Companies</li> <li>SOE</li> <li>Debt to Equity Swaps</li> </ol>	FREE TIME

	Break	Break	Break
3:15 to 5:30	<b>Historical experiences Part II in AMCs</b> 3. Latin America 4. Asian Financial Crisis 5. Other countries <b>Jack Biggs &amp; J Hambric</b>	<b>Round Table Discussion:</b> <b>1. Existing Roles and Core Principles of AMC</b> <b>Jack Biggs &amp; J Hambric</b> <b>2. Presentations of Country Participants</b> <b>Panel with 1 person per AMC moderated by ADB</b> 1. Type of Assets 2. Funding and Recoveries 3. Others <b>3. Discussions on Core Principles building on what AMCs are doing</b> <ul style="list-style-type: none"> <li>- Given the lack of clear strategic objectives and consistency between the AMCs in the region, this session endeavours to take the lead in developing a set of core principles for AMCs.</li> <li>- Participants will learn the benefits of developing and adopting a set of core principles and how these can improve operations.</li> <li>- Topics include: legal &amp; regulatory framework requirements for NPAs resolution; structure &amp; operations of AMC; acquisition modalities of NPAs; role and functions of tax incentives; valuation methods of NPAs; and estimating the discount rate, among others.</li> </ul> <b>Jack Biggs &amp; J Hambric</b>	FREE TIME

6:30	<p><b>Welcome Dinner</b> Hosted by: China Huarong Asset Management Co. Ltd.</p> <p>Venue: Multifunctional Hall, Distance Learning and Information Building <i>(next to the seminar venue building)</i></p>	FREE TIME	FREE TIME
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