

Problem Credits: Early Warning Signs and Restructuring



DURATION

2 Days



DELIVERY CHANNEL

Virtual

OR

In-Person



PROGRAM LEVEL

Intermediate

PREREQUISITES

Two years of experience in a credit-related function

ADVANCE PREPARATION

Short pre-work and homework assignments

CPE CREDITS

16

Overview

Early identification of and action on problem credits has always been relevant for lenders. However, in the current economic climate, it is even more immediate and necessary.

This course begins by covering the key factors that cause companies to become financially distressed. It emphasizes the various early warning signs that lenders must be aware of and the importance of quickly identifying companies that are having problems to limit value destruction and improve recovery rates for lenders. Signs include understanding how and when cash flows become distressed, as well as measuring and assessing liquidity through a downturn. This course discusses the roles of covenants and collateral, including how they can fail to protect lenders.

Finally, the course works through the measures that must be taken to resolve financial distress. The course uses a single case study based on a real company. It follows it through three separate phases:

- » Early stage financial distress
- » Cash crisis
- » Restructuring and bankruptcy

At each stage, the participants have to work through the issues the company faces and decide what alternatives are available, and which are the most appropriate and why.

Learning Objectives

BY THE END OF THIS COURSE, YOU WILL BE ABLE TO:

- » Recognize how credits behave through an economic/sector cycle.
- » Recognize deterioration of credit quality early enough for efficient response.
- » Identify creative accounting and understand a company's true financial performance.
- » Assess a company's liquidity position and the factors that may cause it to deteriorate.
- » Understand the role of covenants and collateral and their ability to improve recovery rates.
- » Create an effective plan of action to address troubled situations and maximize recovery.

Who Should Attend?

- » Bankers
- » Bondholders
- » Underwriters
- » Private placement investors
- » Credit analysts
- » Bond researchers (buy and sell sides)
- » Corporate treasurers
- » Correspondent banking officers
- » Relationship managers

Course Detail

MODULES		
1	Financial Distress and the Credit Cycle	1 The costs of problem credits
		2 Stages of the credit cycle
		3 The cash crisis timeline
2	Early Warning Signs of Financial Distress	4 Leading versus lagging indicators
		5 What is an LBO and why might one get into trouble
		6 Business and operational EWS
		7 Management EWS
		8 Market EWS
		9 Accounting EWS
		10 Complex corporate structures
3	Cash Flow and Liquidity	11 Cyclical and credit
		12 Analyzing cash flow
		13 The importance of liquidity
		14 Moody's approach to analyzing liquidity
4	Covenants, Collateral, and Structure	15 Drivers of covenant strength
		16 Covenant-lite and covenant-loose
		17 The convergence of bond and bank covenants
		18 Analyzing covenant weaknesses
		19 Restricted groups and the credit implications
		20 An action plan for covenant breaches
		21 Collateral strengths and weaknesses
		22 Valuing collateral and why it could go wrong
		23 An overview of structure risk
		24 Analyzing guarantees

MODULES

5

Restructuring

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| 25 | Identifying the cause of the problem |
| 26 | Phases of a restructuring |
| 27 | The basic rules of restructurings and why it does not always work out as planned |
| 28 | Building a restructuring plan |
| 29 | Identifying the key stakeholders |
| 30 | Short-term actions |
| 31 | The long-term plan |
| 32 | What can go wrong in the restructuring process |

Accreditation

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GROUP DISCOUNTS

Special rates may be available for multiple course or group bookings. Please contact us for details.

FEES AND CANCELLATIONS

The fee listed is per participant. Course fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the course. Registrations may be canceled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another course, but fees will not be refunded. We reserve the right to cancel or reschedule courses at any time. For further information on our refund and complaint policy, please contact us.

Contact Us

AMERICAS

TrainingAmericas@moody.com

EMEA

TrainingEMEA@moody.com

ASIA

TrainingAsiaPac@moody.com