

PRE-COURT RESTRUCTURING

SUPPORT FOR BANKS IN RENEGOTIATING AND AMENDING FINANCING CONTRACTS



Main dilemmas faced by banks

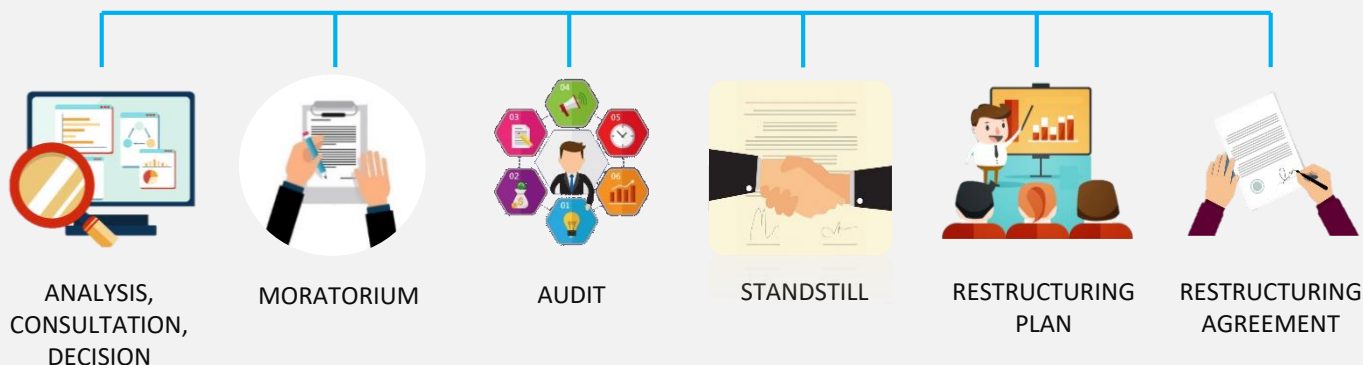
- What will other creditors do?
- How accurate must the data be for the bank to make the best decisions?
- How reliable is the debtor's action plan?
- Is it worth abstaining from enforcement?

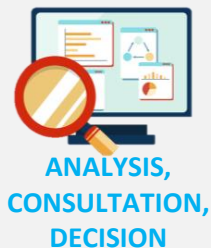
- **GOAL:** company long-term viability
- **FORM:** decision-making based on adequately compiled information
- **STANDSTILL:** creditors abstaining from enforcement
- **RESTRUCTURING SUCCESS:** means choosing one leader to coordinate creditors
- Subordination of additional funding to that already provided

PRE-COMPOSITION RESTRUCTURING



POSSIBLE SCENARIO





- Risk assessment related to a detected breach of covenants:
 - ✓ assessment of problem scale and duration
 - ✓ risk of recurrence of negative phenomena
- Choice of a method to secure creditors' interests
- Consultation with the debtor and stakeholders
- Choice of a model of good practice

Preliminary agreement, pre-standstill

- Setting of limits at the EoD level
- Restoration of limits
- Repayment of relevant products
- No withdrawal of a request for payment
- Undertaking of intercreditor actions
- No waiver of rights by creditors
- Commitment to start negotiations to conclude standstill agreement
- Collateral providers' statements



MORATORIUM



Assessment of the state of affairs:

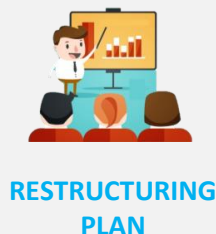
- Problem identification
- Assessment of the debtor's market and product position
- Financial data analysis
- Cost analysis
- Analysis of legal conditions for operational changes

Role and main provisions:

- Preliminary statements, limit confirmation
- Debt acknowledgement
- Debt repayment
- Debtor's statements and to-date liabilities, breaches
- Creditors' obligations
- Safeguards
- Assignments and transfers
- Contract dissolution and termination



STANDSTILL



- Description of the debtor's undertaking/future supply and demand in the debtor's sector of activity
- Analysis of reasons for the debtor's economic situation
- Proposed operational strategy for the debtor's undertaking/level and type of risk taken
- Description and review of restructuring strategies and related costs, including the implementation schedule
- Production capacity of the debtor's undertaking
- Description of financing methods and sources
- Projected profits and losses

Restructuring agreement provisions:

- Granting of a new credit
- Creditor structure and repayment suspension
- Parties' obligations
- New breaches
- Contract dissolution and termination
- Credit contract substitutability
- Assignments and transfers

Contract supervision

- Checkpoints
- Regular workshops and audits
- Periodic reports
- Project Management
- Active risk management



RESTRUCTURING AGREEMENT

COMMUNICATION

- Creditor grouping and separate communication strategies
- Personal communication:
 - ✓ **Active listening** - the listener interprets what has been said
 - ✓ **Effective reception** - the listener observes visual signals and listens to voice messages
 - ✓ **Opinion** - the speaker receives feedback from the listener
 - ✓ **Non-verbal** - about 50% of communication (e.g. body and face language)
 - ✓ **Para-lingual** - voice characteristics

