



CENTRAL BANK OF EGYPT  
Egyptian Banking Institute

# Corporate Debt Recovery and Collection Techniques

ACCREDITED BY  
**ACCET**  
A Partnership for Quality™

Credit and Finance



**393-P26-VE-1**



**Virtual**



**32 hours**

## Course Description:

This course is designed for bank professionals and loan officers responsible for managing corporate loan portfolios. Participants will develop the skills to identify, assess, and mitigate risks associated with non-performing loans, applying effective negotiation, debt recovery, and loan restructuring strategies. Through engaging case studies, role plays, and practical exercises, learners will gain hands-on experience in addressing insolvency, managing guarantees, and implementing loan resolution techniques. Upon completion, participants will be equipped to enhance bank and client outcomes by proficiently handling non-performing loans.

## Target Audience:

- Heads or Mangers, All seniors and support staffs in Recoveries and consumer/personal finance.
- Lending Managers.
- Inspection/Audit staff.

## Course Objectives:

**By the end of the program, participants will be able to:**

- Explain the key signs and reasons for insolvency, applying early warning signals to prevent loans from becoming non-performing.
- Apply best practices in organizing and managing non-performing loan portfolios, emphasizing timely file handling and documentation.
- Demonstrate effective negotiation strategies with non-performing loan clients, using role-play to address opposition and rejection.
- Differentiate between different types of guarantees and mortgages, applying criteria to select appropriate risk-mitigation tools.
- Apply traditional and non-traditional debt recovery tools to manage non-performing debts, supporting clients through restructuring or liquidation.
- Identify accurate loan resolution documentation and implement monitoring processes to ensure effective follow-up on impaired assets.

## Course Outline:

### Module 1: Preventing Non-Performing Loans: Risk Identification and Mitigation

#### Session 1: Understanding Insolvency and Loan Risk Indicators

- Insolvency:
  - Definition of Insolvency.
  - Key Signs of Insolvency.
- Non-performing loans and obligations.
- Performing vs. Non-Performing Notes.
- The 5 C's of Credit (performing Loan).
- Categories of Loan Default.
- The difference between Insolvency and marginalization.
- Reasons for Insolvency:
  - Reasons related to the customer.
  - Reasons related to the bank.
  - Reasons related to external factors.
- Assignment.

#### Session 2: Early Warning Signals and Preventive Actions

- Early Warning signs.
- Typical warning signs.
- Signals from bank internal information:
  - Signals from Bank Account Behavior.
  - Signals from information other financial institutions.
  - Signals from Investigation.
- Signals from external information:
  - Business Signals.
  - Business operations.
  - Business practices.
  - Signals from Business Environment Information.
  - Signals from Projections, Forecasts and Budgets.
  - Signals from Audited Accounts.
  - Investigation/Censure/Conviction of a Customer by Legal and Regulatory Authorities or Professional Bodies.



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- Sectoral signals:
  - Manufacturing.
  - retail businesses.
  - Services.
  - Agriculture.
  - Construction.
- Loan and loan portfolio reporting requirements and frequency.
- seeking cash conservation before new lending.
- From warning to action.
- portfolio-level actions.
- Additional actions in connection with the borrower.
- The importance of good internal and external communications.
- Addressing Serious Problems.
- Assignment.

## Module 2: Organizing and Managing Corporate Non-Performing Loan Portfolios

### Session 1: Foundations of NPL Portfolio Management

- Extent and main causes of distress.
- Best Practice Organizational Arrangements for Handling a Sizeable NPL Portfolio.
- Scope of work of non-performing Loan management.
- The importance of managing Non-performing Debt:
  - For the Bank.
  - For the Client.
  - For the Economy.
- Assignment.

### Session 2: Practical Management of NPL Client Files

- The most important tasks of Non-performing debt management.
- The importance of the timing of receiving the client's file.
- The main documents required in the Non-Performing Debt client file.
- The most important steps in checking the credit file of Non-Performing Debt client.
- Assignment.

## Module 3: Negotiation

### Session 1: Negotiation

- Negotiation & Bargaining.
- Difference between Negotiation and Bargaining.
- The importance of renegotiating with Non-performing loans client.
- Negotiation steps.
- How to Start Negotiation.
- Personal skills of the Negotiator.
- Flexible negotiators Vs. tough negotiators.
- Determinants of success in negotiation.
- Dealing with opposition.
- Strategies for Dealing with Negative Feelings or Rejection by the Other Party.
- What to Avoid from a Debt Recovery Officer.
- Important tips.
- Assignment.

## Module 4: Guarantees and Mortgages for Non-Performing Loan Risk Management

### Session 1: Understanding Guarantees and Their Role

- The concept of guarantee.
- Types of guarantees.
- Guarantee against the risk of Non-payment:
  - Advantages.
  - Disadvantages.
- Successfully managing the relationship with default risk guarantee companies.
- Assignment.

### Session 2: Mortgages and Guarantee Selection

- The importance of the guarantee.
- Types of mortgages and procedures for concluding them:
  - Mortgage.
  - Commercial Mortgage.
  - Egyptian Collateral Register – ECR.
  - A maritime mortgage.
  - Air Mortgage.
- Mechanism for selecting the appropriate guarantee.
- Assignment.



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## Module 5: Corporate Debt Recovery: Methods and Tools

### Session 1: Key Concepts and Methods for NPL Recovery

- Definitions of Key Concepts:
  - Arrears.
  - Default.
  - Probability of Default (PD).
  - Exposure at Default (EAD).
  - Loss given Default (LGD).
  - Inadequate liquidity.
  - Insolvency.
  - Bankruptcy.
  - Overtrading.
  - Hard-Core.
- Methods of dealing with Non-performing Debts:
  - Supporting the defaulting customer.
  - Rescuing the customer.
  - Settling Non-Performing debts.
  - Method for liquidating the guarantee of non-payment risks.
  - Method for liquidating the client's assets.
- Assignment.

### Session 2: Debt Management Tools and Lessons Learned

- Traditional Non-Performing Debt Management Tools:
  - Debt Rescheduling.
  - Settlement.
  - Debt Capitalization.
  - Off-Balance Sheet.
  - writing off.
  - Bank Marketing of Goods and Services.
  - Liquidation.
  - Payment in Kind.
- Non-Traditional Non-performing debt treatment tools:
  - Cash injection (restructuring and floating the customer).
  - Substituting performing customer for Non-performing customer.

- Repurchase right.
- Financial leasing.
- Leasing productive assets.
- Factoring.
- Lessons learned from Non-performing debt.
- Legal action.
- Assignment.

## Module 6: Loan Resolution Implementation and Follow-Up

### Session 1: Documentation for Loan Resolution

- Documentation:
  - Restructuring documentation.
  - Checklist.
  - Term sheet.
  - Loan Agreements.
  - Security Agreements.
  - Ancillary Agreements.
- Assignment.

### Session 2: Accounting and Monitoring

- Accounting for impaired assets.
- further Monitoring.
- Assignment.

## Module 7: Impact Session

- Gathering feedback from participants to recap the key topics covered in the training.
- Group activity (split the participants into groups to share experience, by discussing challenges faced and successes achieved, then share the top challenges and solutions to the whole group for more effective outcomes).
- Encouraging the participants to solve a case study by sharing one takeaway to apply what they learned



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## **Assessment Strategy**

- 30% Assignments between sessions.
- 70% End of course exam.
- Cut off score is 60% of total grade which is "100".

## **Course completion will grant participants:**

2.8 CEUs.

## **Course Language:**

English.

## **Prerequisites:**

Intermediate level of English.

## **Certificate requirements:**

Participants must attend an impact session, which will take place 3–4 weeks after the last day of the course, in order to receive the certificate. This session will last two hours, and its duration will be included in the total program hours. In addition to completing all the required assignments and attending at least 80% of the course duration.