IVAAN

Wat als het verkeerd loopt: financiering van ondernemingen in moeilijkheden

Bart Eekhaut – Frederic Courtens

13 juni 2023

do your thing

Agenda

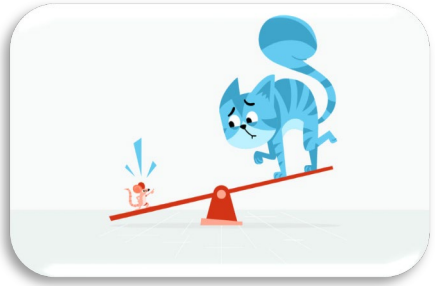
- Kredietbeoordeling onder ‘normale’ omstandigheden
  - Regulatory framework
  - Criteria op basis waarvan de bank de aanvraag zal beoordelen

- Financiering van ondernemingen in moeilijkheden
  - Detectie en fases van beheer
  - Kader voor beheer en aandachtspunten bij strategie

Regulations impacting loans to companies

Financial Crisis

BE Sme Financing Law



EU new guidelines
Loan origination & monitoring

EBA EUROPEAN BANKING AUTHORITY

2008 2014 2015 2017 2021

NBB: severe new Banking Law

Basel III

Basel IV

ING

En 2022, l'expertise sera oblig
un crédit hypot

tenir

Verp
onre

De Standaard Meest recent Corona Binnenland Buitenland Opini

Foto: Peter Hilz

Vanaf 2022 moeten banken vastgoed laten schatten voor ze een hypothecair krediet kunnen verstrekken en wordt het te lenen bedrag berekend op basis van de geschatte waarde. De bank zou daarvoor een schatter moeten sturen, maar nu zegt de Nationale Bank dus dat zo'n bezoek niet noodzakelijk is.

ING

EBA LOM - content

The five chapters of the Guidelines are:

1. Internal governance for credit granting and monitoring: which includes the fundamental framework for credit activities and defines the content of credit risk policies and procedures.
2. Loan origination procedures: the core chapter of the Guidelines, which focuses on key aspects of assessing different types of borrowers.
3. Pricing: which details the need to set up a comprehensive pricing framework.
4. Valuation of immovable and movable property: which focuses on the handling of collateral valuation.
5. Monitoring framework: which specifies key requirements for credit monitoring measures and procedures.

EBA LOM – 2. Loan origination procedures

- Assessment of borrower's creditworthiness before concluding a new loan

⇒ Includes the need for sensitivity analysis, reflecting potential negative sce

a. analyse the financial position and credit risk of the borrower
b. analyse the business model and strategy of the borrower
c. determine and assess the borrower's credit scoring or internal rating
d. consider all the borrower's financial commitments, such as drawn ar institutions, including working capital facilities, credit exposures of t behavior of the borrower, as well as other obligations arising from t security funds
e. when relevant, assess the structure of the transaction, including th related terms, e.g. covenants, and, if applicable, third-party guaran

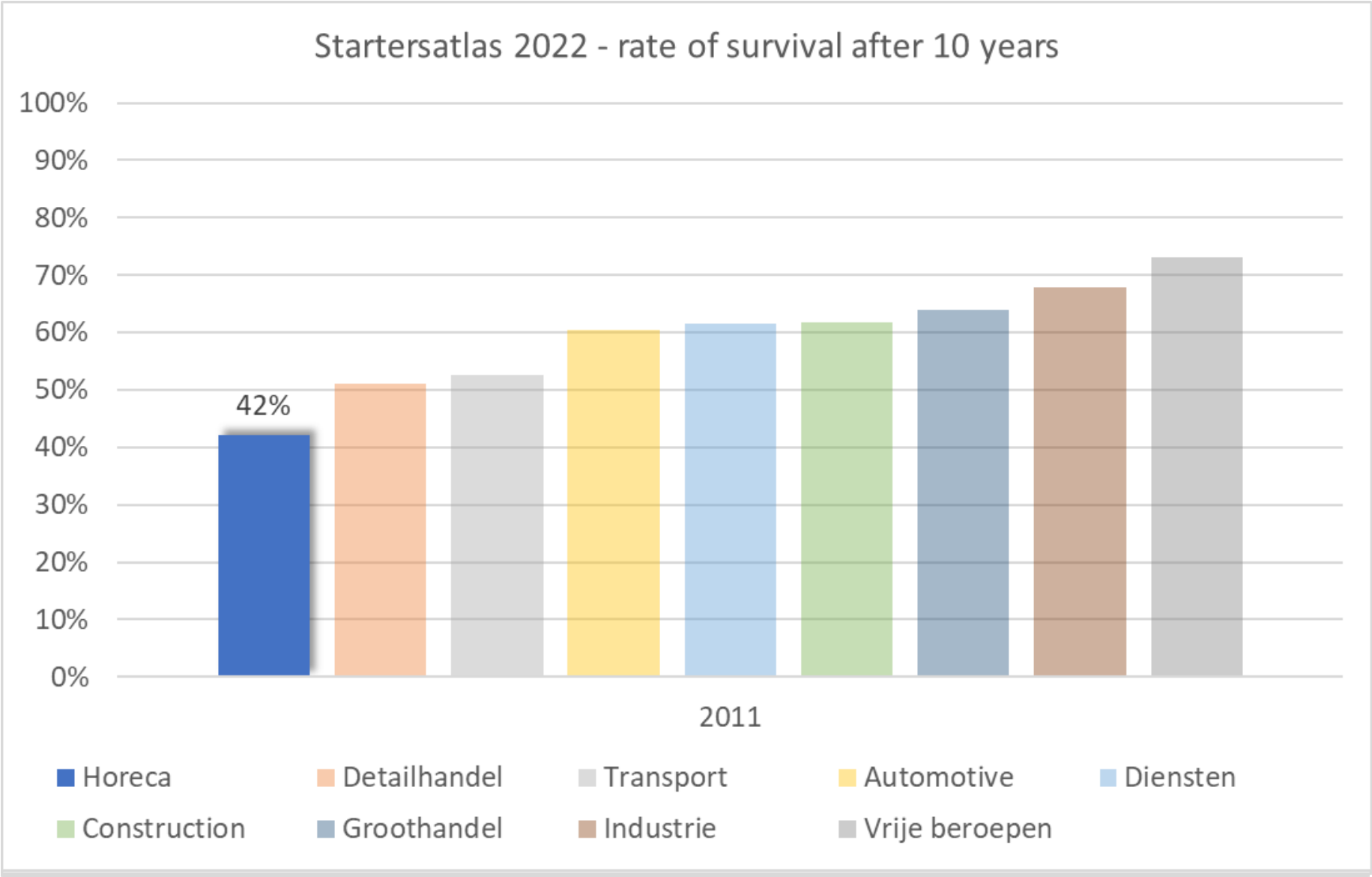
On a group level if relevant

Include ESG factors (e.g. environmental factors and the impact on climat

B. Lending to micro, small, medium-sized and large enterprises

1. Equity ratio (shareholders' equity divided by total assets)
2. (Long-term) debt-to-equity ratio
3. EBITDA
4. Debt yield (net operating income/loan amount)
5. Interest bearing debt/EBITDA
6. Enterprise value
7. Capitalisation rate (net operating income/market value)
8. Asset quality
9. Total debt service coverage ratio (EBITDA) over total debt service
10. Cash debt coverage ratio
11. Coverage ratio
12. Future cash flow analysis
13. Return on assets
14. Debt service
15. Loan to cost (LTC)
16. Interest coverage ratio
17. Return on equity ratio
18. Return on capital employed
19. Net profit margin
20. Turnover evolution

EBA LOM – 2. Loan origination procedures



EBA LOM – 4. Valuation of immovable and movable property

Provides guidance on approaches to the valuation of immovable and movable collateral, both at the point of granting credit, and throughout the life cycle of a loan when monitoring and reviewing the value of such collateral.

- Requirements for valuation at the point of origination

At the point of origination, institutions should ensure that the value of all immovable property collateral for loans to consumers and micro, small, medium-sized and large enterprises is assessed by an internal or external valuer using full visit with internal and external assessment of the property.

As a derogation, for the purposes of a valuation of residential real estate in well-developed and mature property markets, the value may be assessed by means of a desktop valuation, carried out by an internal or external valuer and supported by advanced statistical models.

- Requirements for monitoring and revaluation
- Requirements for valuers

NBB circulaire: *Ook voor de commerciële vastgoedmarkt is de opvraging van informatie betreffende de energie efficiëntie van essentieel belang. De financiële instellingen moeten deze informatie (in de vorm van LEED of BREEAM certificaten of andere relevante certificaten) dus zelf vergaren indien geen EPC beschikbaar is in een centrale databank.*

Vlaamse overheid

ENERGIE EFFICIËNTIE VERPLICHTINGEN VANAF 2023

VERPLICHTINGEN VOOR NIET-RESIDENTIËLE GEBOUWEN

RENOVATIEVERPLICHTING VOOR NR-GEBOUWEN

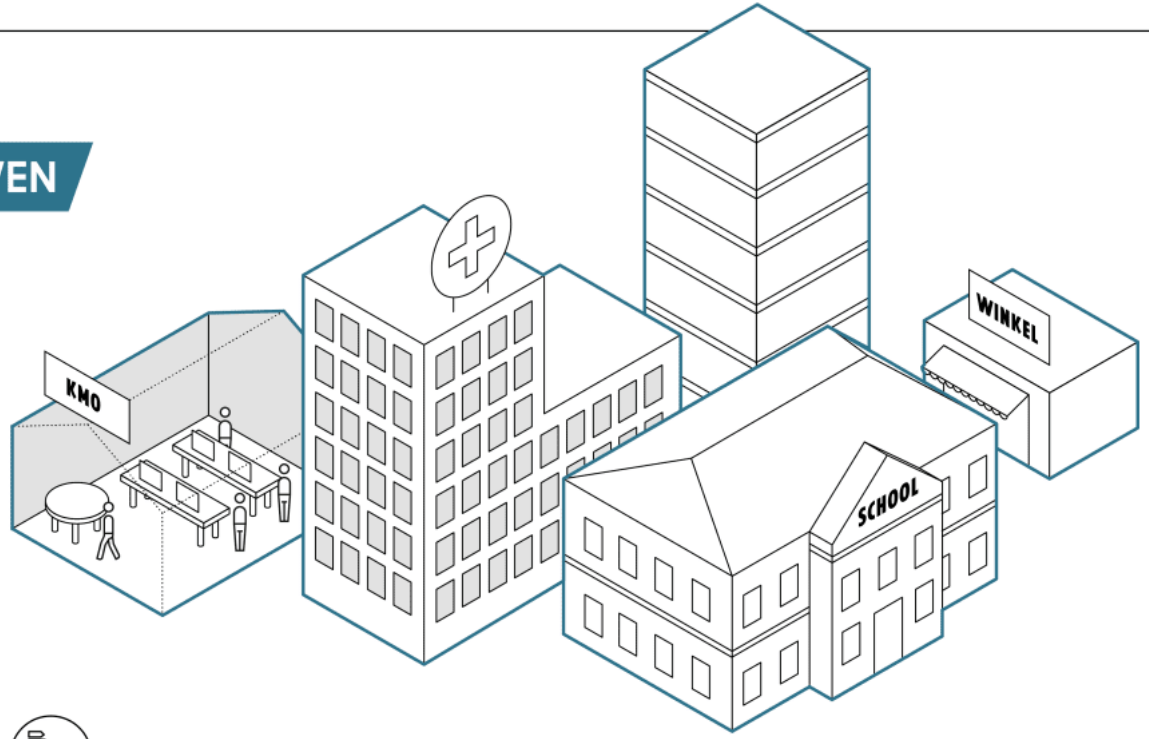
Bij overdracht → vanaf Jan 2022

Minimaal maatregelenpaket
- Dakisolatie
- Verwarming ruimtes
- Beglazing
- Koeling

Minimaal EPC label

VERPLICHT EPC-LABEL

Bij overdracht en verhuur → vanaf Jan 2023 / Elk bestaand NR-gebouw → ten laatste tegen Jan 2026



EPC

- 2023: Verplicht bij notariële overdracht en verhuur
- 2024: Verplicht voor elk publiek gebouw
- 2025: Verplicht >1000 m²
- 2026: Verplicht voor elk groot NR-gebouw
- 2028: Minimaal EPC label verplicht voor elk groot publiek gebouw
- 2030: Minimaal EPC label verplicht voor elk groot NR-gebouw

Vlaanderen
is energie en klimaat

Energieprestatiecertificaat Vlaanderen

ING Sustainable Buildings Guide

A Digital tool for web and app

Intuitive navigation

Actionable : future proof your real estate

How?

Savings?

Cost?

Impact on EP?

ECO renovation loan

For real estate sustainable investments

100% loan to cost financing

Price discount

Sustainabel investments

Solar panels, heat pump, EV, charging stations, etc

Online demand – instant decision

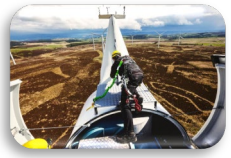
EIF guarantee

Only bank in Belgium

Covers 50-70-80% of risk

Cover fee 0,70%

How does a bank assess the demand?



1. TRUST

- Who is the client ?
- What is the activity?
- What is the background?

Know your Customer “KYC”

2. MOTIVE

- Is the demand of the client a healthy need?
- What are we financing?

Business Plan

3. REPAYMENT CAPACITY

- Link between need & product
- Can a client repay the loan?
- Cash flow? New income? Cost savings?

Business Credit Finder
Financial Plan

4. FINANCIAL SITUATION

- Capital of company? Is the leverage acceptable?

Rating of company

5. PLEDGES/COVERS

- Is the risk linked to the credit demand acceptable?

EPC / ING Sustainable Buildings Guide
Why a cover

6. PROFITABILITY

- Risk based pricing

Pricing

ING

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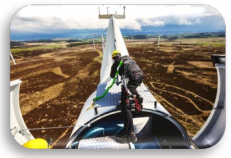

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Business plan – Do's & Don'ts

✓ convincing business plan

✓ clear strategic choice

✗ Don't only rely on yourself –
All good things come in three

✗ Don't hide the risks –
Know when to stop, but don't stop too fast

✓ Build sales before anything else

✗ Don't think it will be easy,
sales will take longer than expected to pick up

ING

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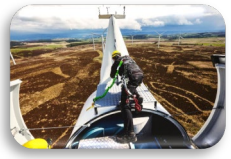

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ING

Business Credit Finder

What is the purpose of your financing?

- Start a business
- Invest
- Bridge a temporary cash shortage
- Annual recurring costs
- Give your partners a bank guarantee

How much do you wish to borrow?

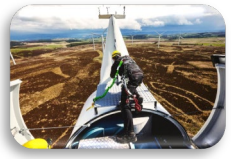
€

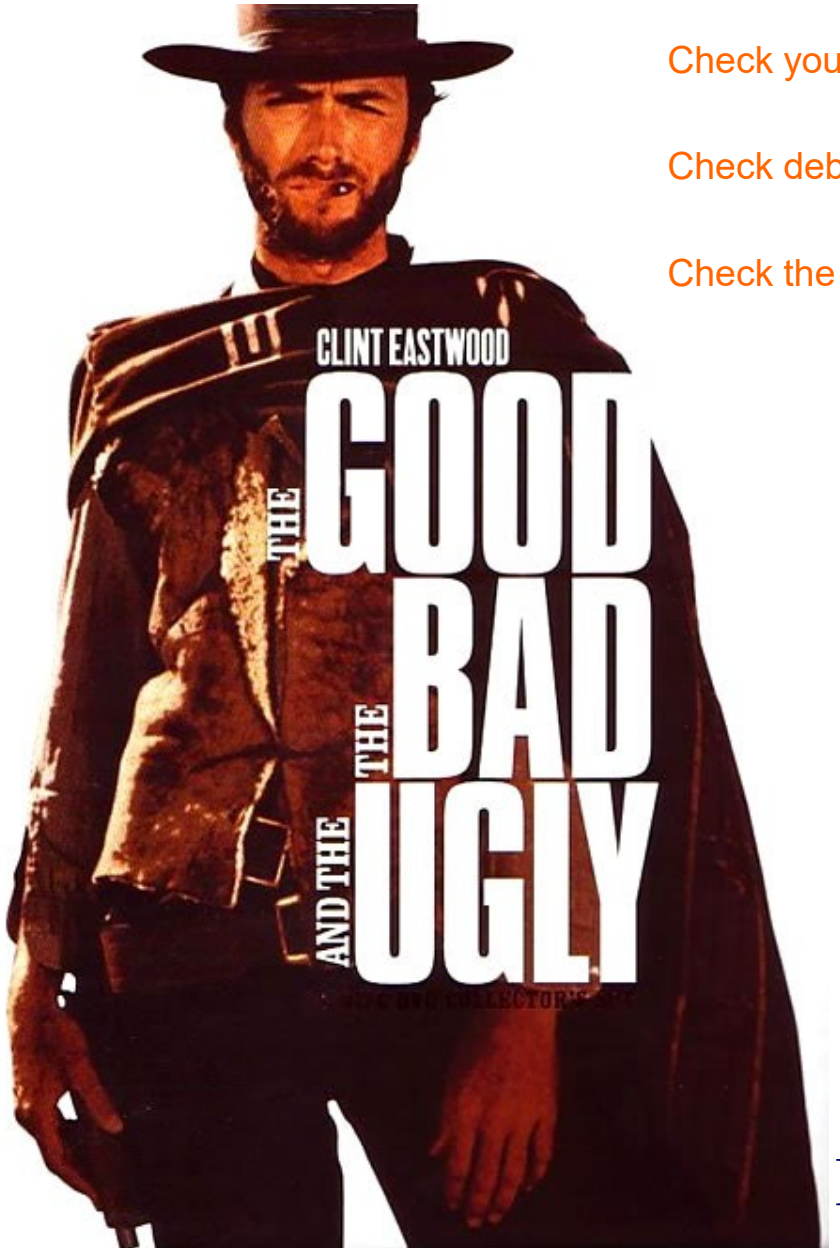
Please enter the amount you wish to borrow.

Over what term do you wish to repay your loan?

1 year or less

Financial Plan





Check your repayment capacity

Check debt versus equity

Check the tenor of your loans

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Since financial crisis, extra attention on forebearance and UTP

Since last crisis regulator has put live new ‘default’ framework.
With each demand, a bank has to assess:

- If a transaction is fore born: customer having financial difficulties + concession towards client (eg if you are more than 30 days behind paying loan)
- If a transaction is ‘Unlikely to Pay’ (UTP) = Principal, i% of fee is past-due for more than 90 days OR Highly likely that a client won’t be able to pay in the future

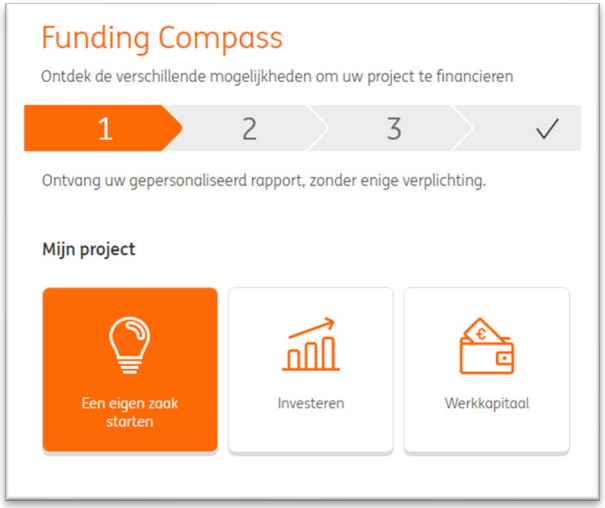
Eg. Client has a leasing and didn’t pay for more than 90 days
=> UTP (minimum 12 months)

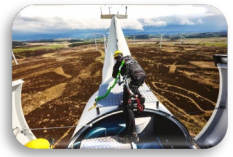
Eg. A client demands moratorium but there is a high likelihood that client won’t be able to repay the loan in full
=> UTP (minimum 12 months)

Check alternative financing
Funding compass

1. Beantwoord 5 eenvoudige vragen
2. Vergelijk uw persoonlijke financieringsalternatieven
3. Ontvang uw gepersonaliseerd rapport, zonder verplichting
4. Zeg wat jou interesseert en wij helpen jou verder.

- Zakelijk bankkrediet
- Crowdfunding
- Commercial finance
- Equity
- Overheidsfinanciering
- Leasing





Overheidsgaranties

European level
- ING EGF guarantee for innovation & sustainability
- EIB rate reduction

Federal level

CREDENDO

Regional level

PMV

financieringvanondernemingen.be

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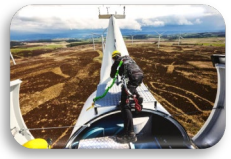

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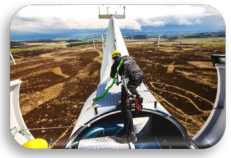
Rating of a company = probability of a client going into default



Which elements influence the rating of a company?

1. Level of healthy profitability/repayment capacity by assessing sufficient, stable and growing (gross) profit

- Good risk management (i% rates, foreign currencies, insurance, etc) in order to avoid unexpected provisions or costs, avoid non-business linked losses
- Healthy investments – and funding mix

2. Management of clients, suppliers and stock and optimizing the need of working capital by:

- Active management of days outstanding clients- and suppliers and the risk within
- Manage days outstanding stock
- Limit concentration risk.

3. Enhance the capital structure by:

- incorporation of profit
- Existence of subordinated loans/ shareholders loan
- increase of capital in case of growth or investments

4. Qualitative and quantitative information that can influence the financial performance:

- Explain effect of cost reduction; avoid incidents
- New fixed contracts
- Positioning of the company within the sector and the experience of the current management

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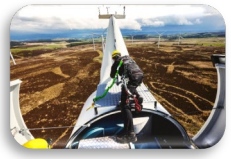

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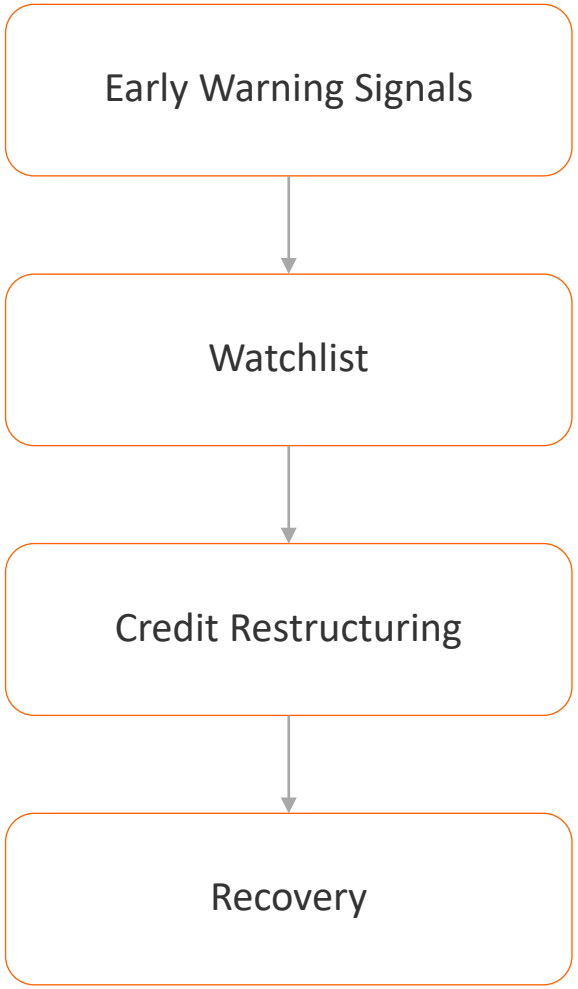
What if bank refuses? => Art. 8 credit refusal

1. **Onvoldoende informatie** en documentatie met betrekking tot:
   a) De financiële toestand van de onderneming
   b) Over het project en in het bijzonder de slaagkansen
   c) Terugbetalingscapaciteit
2. **Negatieve informatie** in de Kredietcentrale voor Ondernemingen of bij een leverancier van handelsinformatie
3. **Gebrek aan beschikbare (persoonlijke of zakelijke) zekerheden**, eigen inbreng in het project en/of onvoldoende eigen vermogen in algemene zin
4. Weet van **betalingsachterstand** (overheid/kredietgever/derden)
5. **ingebrekestellingen in andere kredietovereenkomsten** bij de kredietgever of bij andere bestaande kredietgevers
6. In het algemeen, een **onvoldoende overtuigende financiële positie** of een onvoldoende overtuigend business of financieel plan van de onderneming om het gevraagde kredieten rechtvaardigen
7. Past niet binnen het **beleid van de kredietgever**
8. **Historiek** van de onderneming of haar vertegenwoordigers
9. Het beleid en het **bestuur van de onderneming**
10. Het gebrek aan gepaste opleiding, ervaring of **bekwaamheid** binnen de onderneming.

Detectie van ondernemingen in moeilijkheden

Diverse fases



Nieuwe concepten : Forbearance & UTP

A debtor is considered to be **'non performing' or 'default'** when either or both of the following criteria apply:

- Payment of principal, interest or fee is **past-due more than 90 days** (= back stop)

and/or

- There are good reasons to **doubt on the client's ability to pay** future contractual payments in full, without considering collateral; the bank considers that the client is **unlikely to pay** its credit obligations

Kader voor beheer van kredietdossiers met moeilijkheden

- Missie = herstructureren van kredieten / activiteit met het oog op een terugkeer naar het commerciële circuit

- Uitzondering: exit-strategie
  - Soft exit: contractuele afbouw – geen nieuwe kredieten of aanpassingen
  - Hard exit: opzegging van de kredieten (stopzetting activiteit, fraude, KYC,…)

- Regelgevend kader wordt steeds strikter
  - Nieuwe begrippen (forbearance, default, UTP) – cf. Europese regelgeving
  - Nationale wetgeving (Wet KMO-financiering,…)
  - Aanpassing van modellen (rating, provisies,…) met impact voor de klant (bv. kredietmarges, nieuwe schattingen onroerend goed,…)
  - Toenemende controles en reporting (ECB, SOX,…)

- Aanpak op maat (uitzondering: voordefinieerde strategieën voor bepaalde sectoren en/of situaties (GRP, vereffeningen,…)

Aandachtspunten bij bepalen strategie

- Liquiditeits- vs bilantair probleem

- Positie van de bank(en)
  - Type kredieten (LT-kredieten, werkkapitaal, assed based lending,…)
  - Kredietstructuur (holding vs. werkvennootschap, bilaterale kredieten vs. pari passu,…)
  - Zekerhedenstructuur (onroerende zekerheden, pand handelszaak)

- Bepalen equity-waarde in de vennootschap (familiebedrijven, private equity, beursgenoteerd)

- Inschatten nood aan tussenkomst derden
  - Louter financiële ondersteuning
  - Externe managementversterking
  - Overheid (garanties)
  - Investeerders

- Verdeling inspanning tussen de verschillende stakeholders (aandeelhouders – banken – derden – overheidsspelers)

Aandachtspunten bij bepalen strategie

- Verkoopproces
  - Initiatief vennootschap
  - Initiatief bank(en)

- ‘Haircut’ (wegstrepen van bankschulden)
  - In regel niet
  - Haircut = exit

- GRP = Procedure Gerechtelijke Reorganisatie (WCO)
  - Procedure gericht op continuïteit van de onderneming via bescherming tegen schuldeisers (‘stand-still’)
  - Moment van de aanvraag door de onderneming!
  - Rol van de bank = groot ten gevolge van schuldenvolume en zekerhedenstructuur
  - Leasing / factoring
  - Herstelplan - stemming

do your thing