



## Global Restructuring Group Integration

### Abstract

The client was required to integrate a set of credit exposures in recovery or nearing default with its own portfolio, following the acquisition of a large credit portfolio from another banking institution. Complications arose due to conflicting definitions of "default" across the two portfolios. Avantage Reply was engaged to deliver a workable solution to integrating the portfolios in line with regulatory definitions, allowing the overall integration to be completed in a timely manner.

#### THE CLIENT

The client is an international bank with European roots with a focus on consumer and commercial clients in some key local markets and a global focus on select multinational corporations and financial institutions, as well as private clients.

#### THE CHALLENGE

Following the acquisition of a large credit portfolio from another banking institution, the Client has inherited a set of credit exposures in recovery or nearing default. The integration of the exposures at the 'bad end' of the book had to coincide with the rest of the portfolio in line with the externally-driven regulatory timelines.

The complication in achieving these timelines stemmed from the fact that the definition of "default" in two banking organisations did not match which required re-assessment of what constituted default for the combined organisation. Furthermore, geographical coverage and time zone availability of the system supporting recoveries and restructuring in the acquiring organisation did not support geographical spread of the acquired portfolio.

#### APPROACH AND SOLUTION

Avantage Reply reviewed definitions of default and recoveries in both organisations and engaged both businesses in a series of workshops to deliver a workable solution in line with the regulatory definitions. This allowed the overall integration to be completed in a timely manner.

Through close engagement with the business and technology on both sides of the acquisition Avantage Reply consultants succeeded in agreeing a tactical solution encompassing both the interim operating model and the systems used to capture, manage and report exposures in recovery and those being restructured or nearing default.

#### RESULTS AND BENEFITS

The Client adopted the results of the review and Avantage Reply's recommendations in implementing a solution conducive to meeting regulatory requirements and accelerating the management of recoveries.

Avantage Reply recommended practical steps in meeting the challenges of the integration, which in addition to formulating a strategic solution, included a pragmatic tactical solution to integrating the portfolio using a combination of available infrastructures in both organisations.

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