

# Managing Portfolio Performance in Public AMCs: Monitoring Recovery and Resolution Outcomes

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Speaker: Arman Karatayev,  
Claims Management and State  
Guarantees Department, FPL

# About FPL: Mission, Vision, International Cooperation

## ABOUT

The Fund of Problem Loans JSC is a distressed asset management company created in 2012 to “cleanse” banks’ balance sheets from non-performing loans.  
The Sole Shareholder is the Ministry of Finance of the Republic of Kazakhstan

## MISSION

Promoting the recovery of the national economy through:

- improving the quality of banks' loan portfolios by acquiring non-performing assets
- reintegration of non-performing assets into economy through their recovery and sale

## VISION

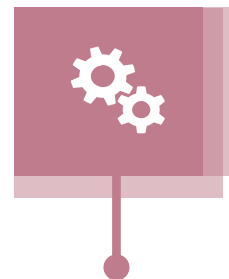
By 2027

Establishment as a professional asset management company and a national center of expertise in financial organizations’ loan portfolio clean-up, asset restructuring, and distressed portfolio management

## FPL'S STRATEGIC DIRECTIONS



Enhancing bank loan portfolio quality through **acquisition of non-performing assets**  
*(completed)*



Reintegrating NPAs into economic circulation through their **restructuring and disposal**



Implementation of additional public policy measures to **support financial market stability**

# Asset Resolution Strategies

**Loans with recovery potential**  
(operating businesses)



**Debt restructuring**  
(maturity extension, interest rate modification, partial debt write-off, etc.)

Debt assignment (sale) to an investor

**Unrecoverable loans**  
(corporate, SME, and retail segments)



**Judicial collection**  
(enforcement proceedings, bankruptcy, rehabilitation, liquidation, etc.)

Recognition of repossessed assets (property) on the FPL's balance sheet

**Property items**  
(including equity stakes in companies)

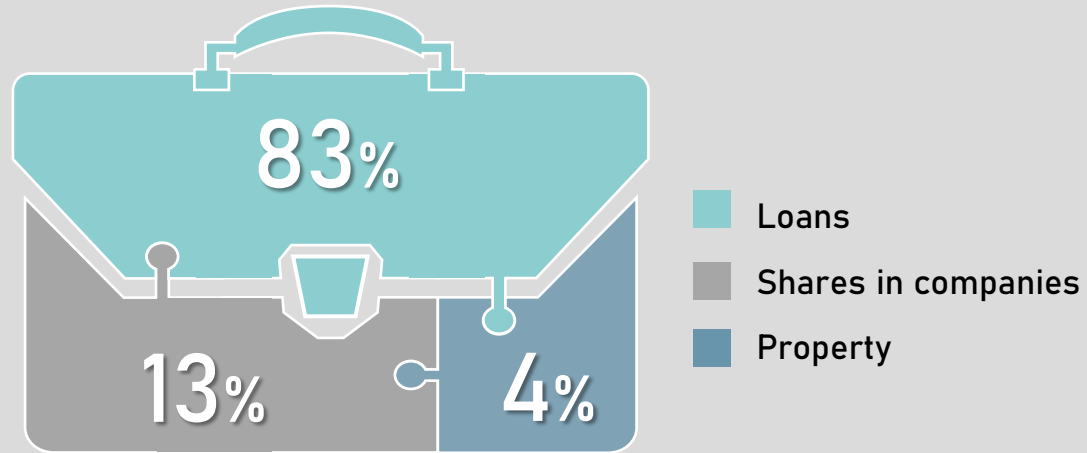


Organization of electronic auctions

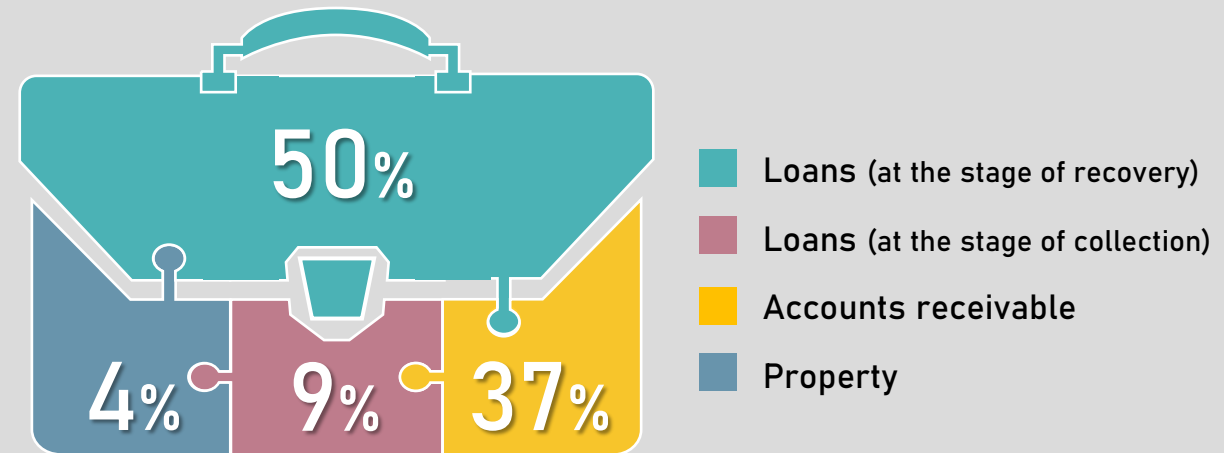
Transfer to state ownership

# Asset Portfolio

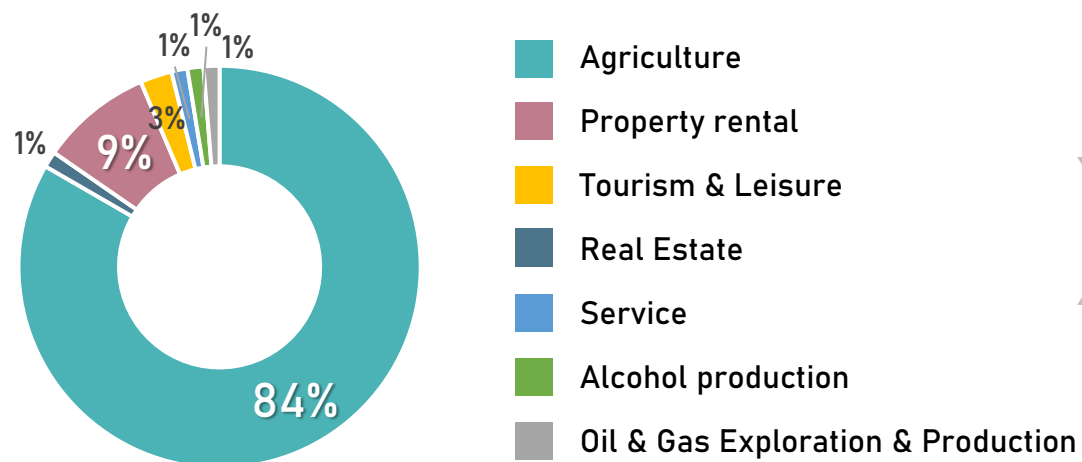
## Portfolio Structure at the Transfer



## Current Portfolio Structure (Nominal Value Breakdown)



## Portfolio Structure by Sector

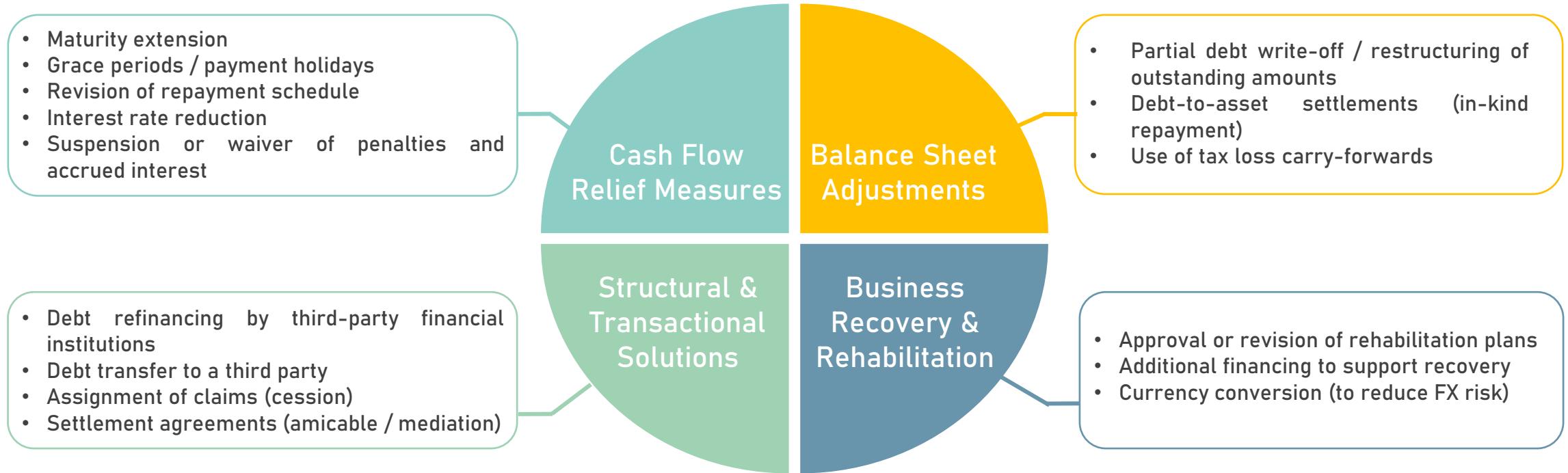


The FPL supported 70 debtors by providing debt restructuring as well as assigning claims to investors

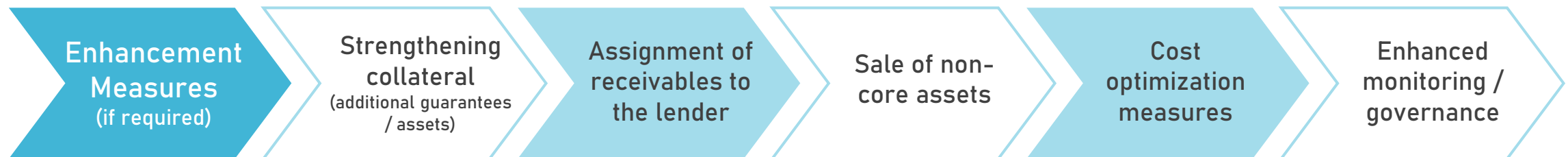
These measures helped preserve the operational activities of the debtor companies

An important social impact of the restructuring was also the preservation of jobs

# Restructuring Toolkit



In practice, a combination of the above instruments may be applied depending on the borrower's profile and recovery potential



# Restructuring Decision-Making Process



## 1. Borrower request / early warning triggers

- Formal request from the borrower due to financial distress
- Or internal triggers (payment delays, deterioration of financial performance, external pressures)



## 2. Comprehensive assessment of the borrower's situation

- Analysis of financial statements and cash flow projections
- Identification of root causes of distress
- Assessment of business viability and recovery potential
- Review of proposed restructuring terms



## 3. Structuring of restructuring solution

- Development of tailored restructuring options to restore repayment capacity
- Measures may include maturity extension, interest rate adjustment, partial write-off, or additional financing



## 4. Cross-functional review and risk assessment

- Independent opinions from Risk Management, Legal, and Security departments
- Assessment of legal enforceability, collateral position, and overall risk exposure



## 5. Internal alignment and documentation

- Preparation of a credit memorandum / restructuring proposal
- Internal consultations and approvals across relevant departments



## 6. Decision by the Authorized Body

- Final review and approval by the relevant decision-making committee

# Post-Restructuring Performance Monitoring



## PAYMENT PERFORMANCE MONITORING

Proactive borrower engagement in case of delays  
15+ days past due: issuance of formal notice

90+ days past due (no restructuring request):  
escalation to Judicial collection



## COLLATERAL MONITORING

Collateral is monitored on an annual basis through **on-site inspections** of pledged assets



## MONITORING OF FINANCIAL AND OPERATING PERFORMANCE

Monitoring is conducted annually through **analysis of financial statements**



## MONITORING OF COVENANT COMPLIANCE

Compliance is monitored through advance notification to the borrower 15 days prior to the due date

# CASE 1: Comprehensive Restructuring to Restore Business Sustainability (Agribusiness)



## Problem context

A large agricultural holding faced financial distress due to a high debt burden owed to a commercial bank, impacting its ability to service obligations



## Solution applied

Following the transfer of the debt to the FPL, a comprehensive restructuring package was implemented, including:

- introduction of a seasonally adjusted repayment schedule aligned with cash flow cycles
- a three-year grace period on principal repayments
- reduction of the interest rate to a sustainable level
- extension of the loan maturity (long-term restructuring)

## Outcome

The restructuring enabled the company to:

- stabilize its financial position
- maintain ongoing operations and employment (over 3,000 jobs)
- redirect cash flows toward business development

## Development impact

The improved financial structure allowed the borrower to:

- implement a medium-term business strategy
- proceed with investment projects, including the development of dairy farming operations

# CASE 2: Climate Shock Response and Agricultural Sector Support (2023–2025)



## Crisis context (2023)

Severe weather conditions significantly impacted crop yields and quality, putting substantial financial pressure on agricultural producers



## Immediate response

Acting in coordination with government authorities, the FPL implemented an emergency support package:

- revision of repayment schedules
- provision of payment deferrals
- tailored restructuring measures to reduce short-term debt burden

## Operational recovery

- Timely and fully executed planting campaign
- ~260,000 hectares cultivated

## Food security impact

- Over 500,000 tonnes of crops harvested
- strengthening of domestic supply and preservation of export capacity

## Investment and capacity building

- Procurement of seeds, fertilizers, and fuel
- Modernization of agricultural machinery fleet
- Expansion of storage capacity (over 500,000 tonnes)
- Development of production and social infrastructure
- Launch of large-scale dairy farming operations

## Social impact

- More than 7,500 jobs preserved
- Ongoing community and social support initiatives

## Fiscal contribution

- ~KZT 21 billion in taxes paid in 2024–2025

# CASE 3: Debt Assignment with Development Commitment (Ski Resort)



## Problem context

A distressed infrastructure project with limited recovery prospects under existing debt structure



## Solution applied

The debt was assigned to a strategic investor under a structured agreement combining:

- installment-based purchase of the debt portfolio
- an obligation to make significant reinvestments into the project's development



## Development outcome

The investment program is focused on:

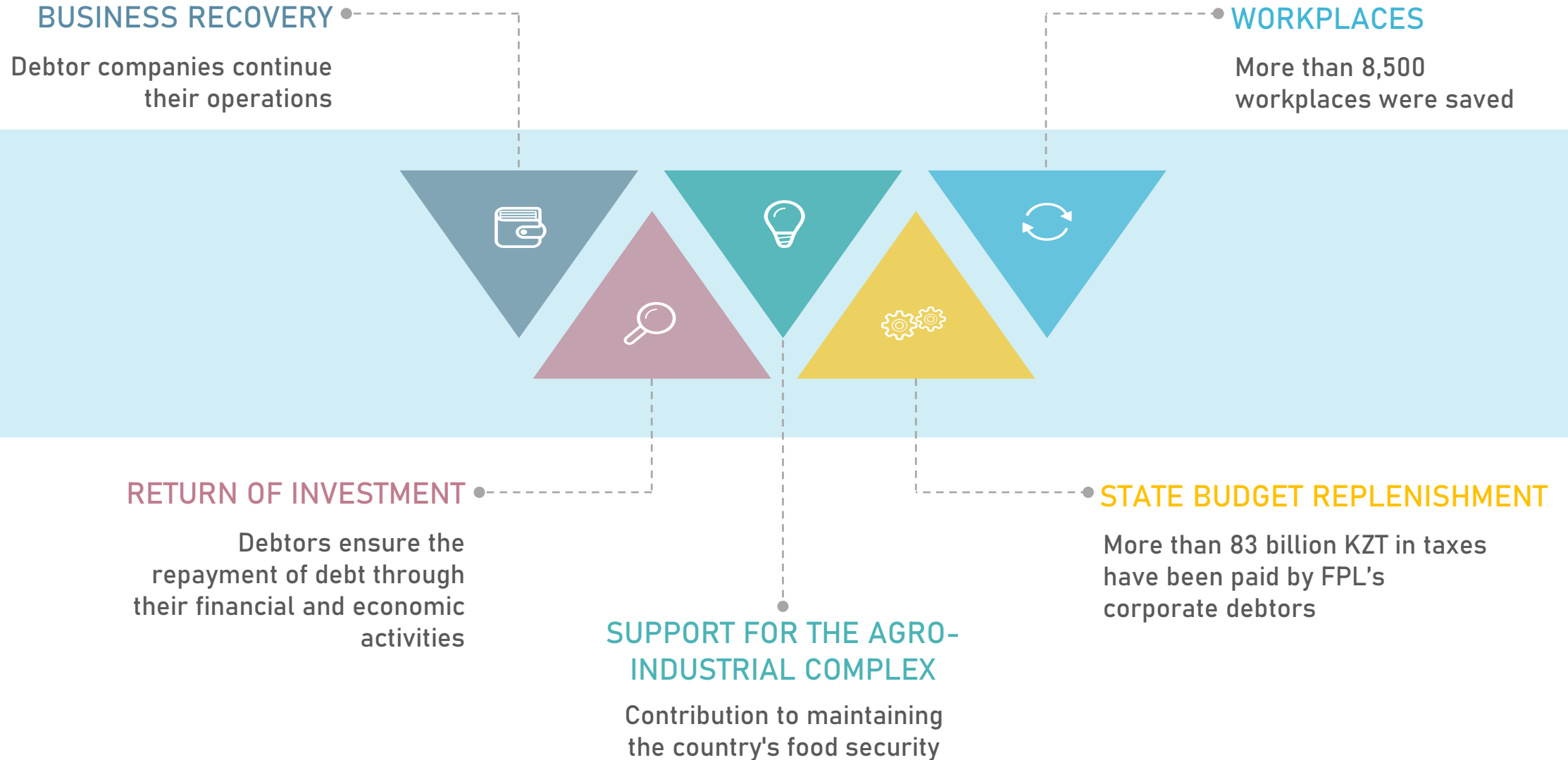
- modernization of core infrastructure
- construction of a hotel and branded residential units
- development of supporting tourism facilities

## Strategic impact

This transaction enabled:

- recovery of value from a distressed asset
- transition of the project to a professional industry player
- creation of conditions for long-term development of a strategically important tourism cluster

# Economic and Financial Impact of Restructuring





**THANK YOU FOR  
YOUR ATTENTION!**