

## COURSE OUTLINE

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### Loan Management

#### Who is it for?

- This workshop is aimed at managers and junior accountants who need to gain greater 'commercial' awareness of the loan agreements that they negotiate and manage.

#### What is it about?

- While the Treasury team may understand some of the technical aspects of the loan agreements, often they will fail to grasp the commercial aspect or appreciate the 'bigger picture'. There is a tendency to focus on providing information reactively, as opposed to managing the loan agreements proactively.

#### What will it cover?

- Funding the business – debt v equity
- Debt – loans v bonds
- Loans – syndicated loans, asset finance and project finance
- The role of the bank – commercial v investment banking (KYC)
- The concerns of the bank – putting yourself in their shoes
- Loan agreement – what is it and why is it necessary?
- Loan agreement – contents & structure & aims
- Interest rate (the Margin and Libor) – the reward for the bank
- What is Libor? What is the Margin?
- Risk Adjusted Return – Credit Risk Management at Banks
- Hedging using derivatives – What is a SWAP?
- What is a hedge and why borrowers do it?
- Loan covenants – why they exist
- Debt Service Reserve Account – risk management
- Complaints certificates
- Reserve accounts
- Testing ratio
- Loan to value
- Event of loan agreement breaches
- Event of loan agreement defaults
- What are market disruption clues (MDC)
- Global Macro Economic trends and their potential impact
- Annual budget submission to the lenders from the borrower – why?
- Submission of the Borrowers' Financial Statements – why?
- What steps the borrowers (loan officer) have to take when the borrower is in

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- default or will be in default of any of the loan covenants
- KYC – getting to know your bank
- Insurance & CDS
- Mortgage & other loans
- Securitisation – ABSs, CDOs & CMOs
- Summary – credit risk at banks & protecting your organisation from covenant breaches

### What will I learn?

- Understand the basics of loan agreements – why they exist and how banks use them to manage risk
- Examine the test ratios for covenants and the impact of covenant breaches
- Practical case studies of good and not-so-good loan agreements – learn to optimise the negotiation strategy at implementation to ensure successful contract management.