



ISSUING DEBT: LENDING, PRICING & COVENANTS

SUMMARY:

This course provides an overview of the corporate borrowing process from the perspective of an investment bank.

Participants will review the advantages and disadvantages of different forms of debt as well as the internal and external processes undertaken by investment banks in structuring, marketing and pricing debt securities.

Timing: This course requires 0.5 days

Experts in financial
modeling training

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LEARNING TOPICS:

Understanding Borrowing Decisions

- ✓ Review the corporate rationale for using debt as a financing vehicle
- ✓ Examine different industries and understand the market's tolerance for leverage across sectors
- ✓ Review different forms of debt capital, including revolving credit facilities, term loans, bonds and convertible debt
- ✓ Discuss how important features vary across types of debt, including security, repayments, term, interest rate structure and covenants
- ✓ Understand the advantages and disadvantages of each type of debt

Marketing and Pricing Debt Securities

- ✓ Analyze the key drivers of credit quality and the relationships between credit quality and pricing
- ✓ Review the internal process of investment banks in approving debt commitments
- ✓ Discuss the analysis performed by investment banks in sizing bank loans and debt offerings
- ✓ Review how pricing ranges are established for marketing purposes in bank loan syndications and bond offerings
- ✓ Review credit comparables analysis for past deals and corporate credits
- ✓ Examine the marketing and pricing process for debt offerings
- ✓ Discuss the role of the rating agencies and corporate debt ratings

Structuring Debt Covenants

- ✓ Discuss the types of covenants that are included in debt agreements
- ✓ Review the differences between maintenance covenants, incurrence covenants and negative covenants
- ✓ Understand how financial covenant levels are determined

Understand the key drivers of credit quality and the relationship between credit quality and pricing