



Program

# Calgary CFA Society

## Foundations in corporate lending

### TIMETABLE

May 5 – 7, 2008  
Ramada Hotel Downtown Calgary

## Corporate lending workshop

### Course aims and objectives

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Course aims	This three day workshop aims to enhance participant skills in the areas of corporate loan due diligence, capital structure analysis, and corporate credit risk assessment.
Course objectives	<p>By the end of this three day workshop, participants will be able to:</p> <ul style="list-style-type: none"><li>• Calculate and interpret the ratios used by corporate bankers to assess financial performance and establish covenants</li><li>• Understand the key terms and typical clauses in corporate loan agreements</li><li>• Assess the role and value of security in managing and mitigating credit risk from a bank's perspective</li><li>• Explain the importance of assessing management's character and capability as part of the due diligence process</li><li>• Identify and evaluate the specific issues involved in lending to large and complex corporate groups</li><li>• Evaluate corporate borrowing circumstances that may require loan syndication</li><li>• Calculate senior debt capacity (and the role of banks) in acquisition finance</li><li>• Appreciate how to assess and price for corporate risk</li><li>• Identify symptoms of corporate failure, undertake portfolio monitoring, and predict corporate loan default</li></ul>
Who should attend?	<ul style="list-style-type: none"><li>• Corporate Financial Advisors</li><li>• Investment Bankers</li><li>• Credit Analysts</li><li>• Traditional and Non-Traditional Lenders</li><li>• CFOs and Controllers</li><li>• Treasury Professionals</li><li>• Corporate Lawyers</li></ul>

## Corporate lending workshop

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#### About MDA Training

MDA Training is one of the world's leading management development and training services providers. MDA works with organizations to enhance the business and financial skills of managers so that they can deliver more value to their stakeholders.

MDA was set up in 1988 by Professor Walter Reid, one of the founders of the London Business School. We specialize in the design and delivery of tailored business learning. We are based in London, New York, and Vancouver.

#### About Scott Powell

Scott Powell is President of MDA Training and an Adjunct Professor with SFU Business School. Scott has written and delivered finance and credit workshops for many major financial institutions including HSBC, ING, Allied Irish Bank, ATB Financial, Lloyds TSB Bank, Credit Suisse, Cazenove, Deutsche Bank, and Dresdner Kleinwort.

Scott also has designed and delivered financial management workshops for organizations as diverse as BC Ferries, Ballard Power, ICBC, Accenture, the Institute of Chartered Accountants of Alberta (ICAA) and many others in equity valuation, advanced business and financial analysis, investment appraisal, and shareholder value creation.

Prior to joining MDA, Scott was a manager in Ernst & Young's business risk consulting practice where he was heavily involved in the development and delivery of financial training internally and to Ernst & Young clients. Scott is a UK Chartered Accountant who holds an honours degree in Politics/Economics from Trent University, Canada and a masters degree in Economics from Cambridge University.

## Corporate lending workshop

### Day one content

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Morning

Introduction and course overview

*Content*

- Trainer and participant introduction
- Course overview and day one objectives
- The role of the learning log

1. Analyzing financial performance (refresher)

*Content*

- The ratios and trends used by bankers to assess performance
- Calculating key financial ratios
- Adapting ratios and trends to specific organizational circumstances

*Group work*

Freudian's Slip Mooring Inc. – getting participants to calculate key corporate ratios

*Case study*

XYZ Electronics - in groups, participants analyze and interpret the ratios – aiming to unlock the underlying drivers of changing financial performance.

Coffee

2. Key terms in loan agreements

*Content*

- Representations and warranties
- Conditions precedent
- The use of covenants in loan agreements
- Types of covenants
- How to establish appropriate levels for negative covenants and cure periods for events of default
- Monitoring performance against covenants
- Covenant default triggers

*Case study*

Term Sheet Dilemma - in groups, participants are handed term sheets from two different banks. They are required to analyze and interpret the term sheets – highlighting the strengths and weaknesses of each.

Lunch

*Guest speaker*

## Corporate lending workshop

### Day one content continued

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Afternoon

#### 3. Mitigating and managing credit risk

##### *Content*

- Managing credit risk using security
- Cash flow lending versus security based lending
- Types of security
- Margining
- Registration and priority of charges
- Negative pledge clauses
- Guarantees/indemnities and letters of comfort

##### *Group exercise*

To Lend or Not to Lend – participants evaluate a corporate borrower's repayment capacity and security, and recommend loan structuring options.

Coffee

#### 4. Lending due diligence

##### *Content*

- Assessing industry specific risks and mitigation strategies
- Benchmarking corporate performance and peer group analysis
- Assessing management's character and capability
- Other due diligence red flags

##### *Group exercise*

Benchmarker – in groups, participants undertake a short due diligence exercise for a small listed company.

End of day group case study

Participants are handed the financials and other background information for a small publicly listed company. Participants are required to analyze and interpret the ratios, evaluate repayment capacity, and assess the value of security. This case study continues throughout the rest of the workshop.

Day one wrap up

##### *Content*

- Review of key learning points
- Review of day one objectives

##### *Group work*

Participants update personal learning logs

## Corporate lending workshop

### Day two content

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Morning

Day one review

*Content*

- Day one review
- Answer questions related to day one material
- Day two objectives and timetable

5. Lending to complex legal structures

*Content*

- Lending to groups
- Lending to special purpose vehicles and other synthetic structures
- Structural versus contractual subordination

*Case Study*

Group Liquidation – participants are required to assess the amount of debt that could be repaid by each group company in a liquidation scenario.

Coffee

6. The role of syndicated lending

*Content*

- The growing importance of syndicated lending in Canada
- Structuring syndicated loans
- The secondary loan market
- The role of IntraLinks<sup>®</sup>
- The syndicated lending process
  - Award mandate
  - Book running
  - Closing the deal
  - Monitoring and compliance

*Case study*

Syndicating the deal – participants are presented with a corporate borrower and its lending requirements. In groups, they need to consider how to structure the syndicate and allocate fees amongst syndicate members.

Lunch

*Guest speaker*

## Corporate lending workshop

### Day two content continued

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Afternoon

#### 7. Acquisition finance and the role of banks

##### *Content*

- Senior debt
  - Calculating senior debt capacity
- The role of subordinated debt
  - Mezzanine finance
  - PIK notes
  - High yield bonds
- The role of private equity

##### *Case study*

Tires R Us – calculating senior debt capacity and setting appropriate covenants.

##### *Group exercise*

The leverage game – recent trends in subordinated debt.

Coffee

End of day group case study

Participants continue their analysis of a small publicly listed company. They will be required to present their analysis at the end of day three.

Day two wrap up

##### *Content*

- Review of key learning points
- Review of day two objectives

##### *Group Work*

Participants update personal learning logs

We are planning a “Deal Makers” dinner for Tuesday, May 6, 2008. This dinner will be a social evening with no formal programming. It will be an opportunity to meet other participants, the instructor and board members of the Calgary CFA Society and have a great evening. The cost for the dinner will be an additional \$65.

## Corporate lending workshop

### Day three content

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Morning

Day two review

*Content*

- Day two review
- Answer questions related to day two material
- Day three objectives and timetable

8. Lending and risk based pricing

*Content*

- Capital adequacy
- Regulatory versus economic capital
- Expected losses
- Pricing for risk
- Value at risk
- Balancing capital adequacy requirements and the need to offer competitive pricing

*Exercises*

Risk adjusted return – participants calculate various risk adjusted returns for a corporate loan book.

Coffee

9. Loan default prediction tools

*Content*

- Default prediction and bond ratings
- Financial statement based models – Z scores
- Expected default frequency (EDF/KMV)

*Group work*

Using extracts from the financial statements of United Airlines, participants calculate Z scores and review KMV expected default frequency data.

Lunch

*Guest speaker*

## Corporate lending workshop

### Day three content continued

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Afternoon

#### 10. Problem loans

##### *Content*

- Symptoms and underlying causes of corporate failure
- The requirements for sustainable recovery
- Receivership
  - Companies' Creditors Arrangement Act (CCAA)
  - US Chapter Eleven
- Liquidation and technical insolvency
  - Bankruptcy Insolvency Act (BIA)
  - US Chapter Seven

##### *Case study*

Working in groups, participants are required to devise action steps to identify early warning signs of under performance.

Coffee

End of day group case study

Groups present and discuss the results of their case study analysis.

Day three and course wrap up

##### *Content*

- Review of key learning points
- Review of day three and overall course objectives
- Participant feedback (oral and written)

##### *Group Work*

Participants update personal learning logs

## Corporate lending workshop

**Space is limited. Register early to avoid disappointment.**

**Payment is due at time of registration.** Forms received without payment will be confirmed on a space available basis when payment is received. All fees are payable in Canadian Funds. Confirmation letters will be emailed within two weeks of receipt of your paid registration. Please register early, as attendance is limited.

**To register, fax the attached form to 206.0650 or email to [rsvp@calgarycfasociety.com](mailto:rsvp@calgarycfasociety.com). Phone registrations will not be accepted. You may forward cheques made payable to Calgary CFA Society c/o 100, 111-5<sup>th</sup> Avenue S.W. Suite 118, Calgary, AB T2P 3Y6.**

**Registration deadline is Friday, April 4, 2008.**

**Cancellation Policy: A full refund will be given to cancellations received no later than April 4, 2008.** A cancellation fee of 50% applies for cancellations received after April 5, 2008. Cancellations received less than one week prior to the start date will be subject to full payment. Substitutions from the same company are accepted.

For more information, please contact Debbie Kunert at 240-2929 or [dkunert@calgarycfasociety.com](mailto:dkunert@calgarycfasociety.com).

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Member ID # \_\_\_\_\_  Non-member

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Payment:  \$1399 Early bird for members on or before Wednesday, March 12, 2008  
 \$1599 Early bird for non-members on or before Wednesday, March 12, 2008

\$1599 For members beginning Thursday, March 13, 2008  
 \$1799 For non-members beginning Thursday, March 13, 2008

I would be interested in attending the Deal Makers Dinner on Tuesday, May 6, 2008 for an additional cost of \$65

Total cost: \$ \_\_\_\_\_ Visa or MasterCard: \_\_\_\_\_

Name on card: \_\_\_\_\_ Expiry Date: \_\_\_\_\_

For Office Use Only:

Date Received: \_\_\_\_\_ Payment Processed: \_\_\_\_\_

Confirmation emailed  Receipt emailed