



Credit Committee in Banking

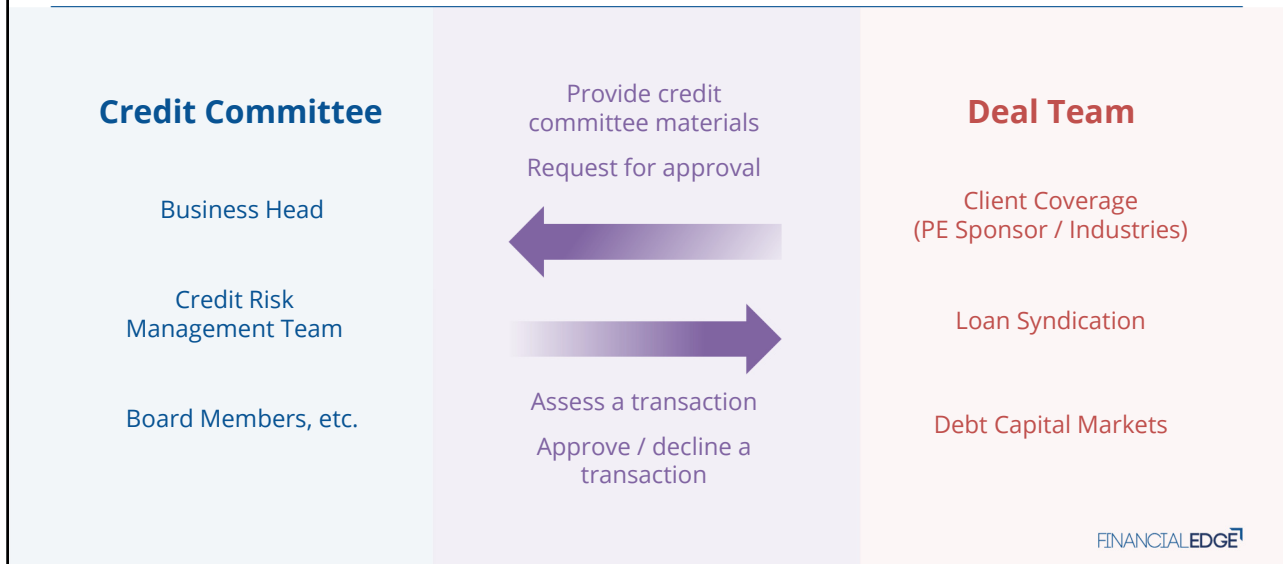
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What Is a Credit Committee?



Composition of Credit Committee Materials

1	Executive summary	✓
2	Transaction background / deal summary	✓
3	Target company overview	✓
4	Sponsor company overview	✓
5	Financial analysis	✓
6	Risk analysis and mitigants	✓
7	Conclusion	✓

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Transaction Background / Deal Summary

Brief description of the deal background

- Relationship history of the sponsor
- Why this transaction occurred
- What is the stage of a transaction (pitching, bidding, etc.)
- Banking role: Lead arranger or participant
- Timing considerations
- Sponsor's true level of interest
- Proposed financing package including expected equity contribution
- Sponsor's investment rationale
- Economic benefits to banks (e.g. future cross-sell opportunities)

Sample Term Summary

Borrower Name	ABC Corporation
Facility Type	1 st Lien Term Loan
Purpose	Acquisition
Total Facility Amount	\$1,000m
Commitment Amount	\$200m
Net Underwriting Amount	\$50m
Net Take Amount	\$150m
Facility Term	7 years
Margin	Libor + 3.00%
Fees	Arrangement Fee of 2.25%
Collateral	1 st Priority in TL collateral
Financial Covenants	N.A.
Bank Return	150bps / \$300k

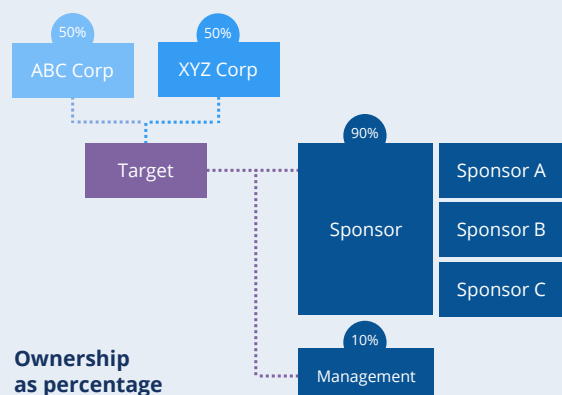
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Transaction Background / Deal Summary

Sample Sources and Usage

Sources		Usage	
ABL Revolving Credit Facility	\$0	Equity Purchase Price	\$400
1 st Lien Term Loan	\$1,400	Refinanced Net Debt	\$2,600
2 nd Lien Term Loan	\$400	Fees & Expenses	\$150
Equity Contribution	\$1,350		
Total	\$3,150	Total	\$3,150

Sample Deal Structure



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Target Company Overview

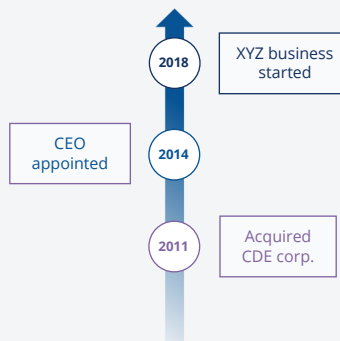


Company Overview

Company history
Key products
Products
Key business geography
Key numbers (e.g. revenues, gross profit, EBITDA), etc.



Key Corporate Milestones



Deal Team

Market trends / dynamics
Competitive landscape
Products
Business segment
Geography
Supply chain
Distribution channel
Key technologies, etc.

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Sponsor Overview

SPONSOR OVERVIEW

- Company history
- Top management
- Relationship (Who knows who)



INVESTMENT THESIS

- Sector focus
- Geography focus
- Key investment thesis



FUND OVERVIEW

- Total AUM
- Fund by vintage
- Dry powder



PORTFOLIO COMPANY AND INVESTMENT HISTORY

- List the current portfolio companies
- When invested, total TEV, equity contribution amount, etc

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Financial Analysis



FINANCIAL PERFORMANCE ANALYSIS

- Explain financial trend on a company overall basis and by segment/division
- Revenue and profit change over time, generally last 3 or 5 years + LTM of the latest quarter



EBITDA ADJUSTMENT

- Adjust accounting EBITDA by adjusting for non-recurring items = EBITDA bridge



FINANCIAL PROJECTIONS

- Put forward several scenarios (base case, conservative case, etc)
- Explain which scenarios are most or least likely
- Include credit metrics



VALUATION ANALYSIS

- Compare the transaction valuation with comparable tables – transaction and trading

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Risk Analysis and Mitigation

Risk Category	Examples
Competitive Landscape	Various competitive players, including online, resulting in pricing pressure
Customers	Customer concentration risk
Financials	Pro-forma significant financial leverage
Regulatory	Headline risk related to product development
Employee Matters	Key employees have left the company
Litigation	The company is in the middle of a patent litigation

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