



# **Syndication Loan Presentation Part I (Basic Concept)**

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## **I. Syndication Loan is a loan facility provided by a group of creditors to one debtor with:**

- (i) the same terms and conditions;
- (ii) same documents; and
- (iii) administered by the same agent.

## **II. Background**

- Sustainable development in Indonesia requires funds in large amount and support from private sectors including banks.
- Risk sharing.
- Bank availability of fund.
- Banking compliance (legal lending limit, asset qualification – NPL etc).

# Basic Concept, *cont'd...*

## III. The advantages of Syndication Loan

### For debtor:

- Obtaining a large amount of money for projects;
- Saving time and energy since all administration matters related to credit proposal and negotiation are handled by an Arranger;
- Creating good image to lenders; and
- Improving the good corporate governance implementation as required by lenders.

### For creditors:

- Able to overcome Legal Lending Limit issues;
- Able to share risk;
- Knowledge sharing on credit analysis, syndication arrangement, fund management, documents preparation for credit engagement and stipulation of main terms and conditions on the documents;
- Fee based income;
- Creating net workings among bankers; and
- Creating good image.



# Basic Concept, *cont'd...*

## IV. Parties

- Debtor;
- Creditors;
- Agent (facility, security, Tender Panel, issuing and paying, escrow, process, lead manager). Comparison of roles of each agent; and
- Bank custodian (escrow bank).

## V. Professionals

- Lawyers representing debtor and syndication lenders;
- Notary/PPAT for security documents; and
- Appraisals, if necessary.

# Basic Concept, *cont'd...*

## VI. Types of facility

- Working capital and investment;
- Offshore and onshore source of funding;
- Refinancing; and
- Trade facilities.

## VII. Similar transactions

- Club deal;
- Risk Sharing; and
- Sub-participation.

## VIII. Banks Need to Comply

Legal Lending Limit, Banking Law, Productive Asset Quality, Risk Management, etc.