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COURSE BROCHURE

# Advanced Borrower Early Warning and Covenant Monitoring Course

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# Advanced Borrower Early Warning and Covenant Monitoring Course

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Borrower Early Warning and Covenant Monitoring is a 2-week advanced training course for credit analysts, investment analysts and finance managers who oversee facilities after approval, and each participant builds an early warning dashboard for a case loan portfolio. Most credit losses show signals in borrower reporting months before default, yet many lenders only react at the first missed payment. Jupiter Prime Training shaped the course around the watch-list decisions portfolio teams take every quarter.

## Why Borrower Early Warning and Covenant Monitoring Matters Now

Three pressures make post-approval monitoring urgent: lenders must recognise rising credit risk earlier under the expected-loss approach of International Financial Reporting Standard 9 IFRS 9, credit committees want watch-list moves backed by evidence rather than instinct, and borrowers now report through management accounts, compliance certificates and portals that generate more data than teams can read. Portfolios that monitor well restructure early, protect security and keep recoveries high; those that monitor poorly discover problems at default, when options have narrowed. The course rests on covenant compliance testing, structured early warning indicators, staging of exposures under IFRS 9 and disciplined watch-list governance.

## Who Gains Most from Borrower Early Warning and Covenant Monitoring

- Portfolio analysts who review borrower reporting and test covenant compliance each period
- Relationship managers who hold the borrower conversation when warning signs appear
- Credit risk officers who own watch-list criteria, risk grade changes and staging decisions
- Investment analysts who track issuer deterioration in bond or private credit holdings
- Finance managers in borrowing companies who prepare compliance certificates and lender reporting

A credit portfolio unit that sends analysts, relationship managers and risk officers together gains most, because one shared trigger language speeds watch-list decisions.

## Borrower Early Warning and Covenant Monitoring Capabilities

Participants move from approving credit to watching it: reading each new set of borrower numbers for movement, testing promises made in the facility agreement and acting before options close.

- Design an early warning indicator set covering financial, account-conduct and qualitative signals — watch-list committee decisions
- Test covenant compliance certificates against borrower management accounts and audited figures — waiver and reset negotiations
- Calculate trend-based headroom projections that show when a covenant will breach — proactive restructuring talks
- Assess staging triggers for a significant increase in credit risk under IFRS 9 — provisioning and risk grade changes
- Specify escalation routes from monitoring to workout with clear owners and timelines — credit risk governance
- Communicate borrower deterioration in concise watch-list reports — credit committee and portfolio managers

## Key Borrower Early Warning and Covenant Monitoring Terms

- Early Warning Indicator — a measurable signal, such as falling cash headroom or delayed reporting, that a borrower's credit quality may be weakening.
- Covenant Compliance Certificate — a periodic statement from a borrower confirming its ratios against the limits in the facility agreement.
- Watch-List — a register of exposures showing signs of weakness that receive closer review and defined remedial actions.
- Significant Increase in Credit Risk — the IFRS 9 trigger that moves an exposure to lifetime expected-loss measurement.
- Covenant Waiver — a lender's agreement to set aside or relax a breached covenant, usually for a fee or tighter terms.
- Workout — the structured process of restructuring or recovering a problem exposure to limit loss.

## Borrower Early Warning and Covenant Monitoring Day by Day

## Day 1: The Monitoring Mindset After Approval

- Credit Lifecycle From Approval to Repayment — Where Monitoring Adds Value
- Loss Case Studies From Construction and Trading Borrowers — Missed Signals
- Monitoring Policies and Review Frequencies — Proportionate Oversight
- Roles of Analyst, Relationship Manager and Risk Officer — Clear Accountability
- Borrower Reporting Packages and Deadlines — Information Covenants in Practice

## Day 2: Reading Interim and Management Accounts

- Management Accounts Versus Audited Figures — Reconciling Reported Results
- Quarterly Trend Sheets for Revenue, Margin and Cash — Direction of Travel
- Aged Receivables and Payables Reviews — Stress in Working Capital
- Order Book and Backlog Tracking — Forward Revenue Visibility
- Late or Qualified Reporting — Governance Warning in Itself

## Day 3: Financial Covenant Mechanics

- Leverage, Interest Cover and Net Worth Covenant Definitions — Precise Calculation Bases
- Covenant Testing Dates and Equity Cure Rights — Timing of Breach
- Adjustments Permitted in Facility Agreements — Avoiding Definition Disputes
- Lease Liabilities Under IFRS 16 in Covenant Ratios — Frozen Versus Current Rules
- Compliance Certificate Review Checklist — Spotting Manipulated Inputs

## Day 4: Headroom Projection and Stress Testing

- Rolling Headroom Projections — When Breach Becomes Likely
- Sensitivity of Covenant Ratios to Sales and Margin Shocks — Vulnerability Ranking
- Liquidity Runway Calculations — Months of Cash Remaining
- Refinancing Wall Mapping — Maturity Concentration Risk
- Sponsor and Guarantor Support Assessment — Secondary Repayment Sources

## Day 5: Early Warning Indicator Design

- Financial Indicators and Threshold Setting — Objective Trigger Levels
- Account Conduct Signals Such as Overdraft Hardcore and Returned Cheques — Behavioural Evidence
- Qualitative Signals From Management Changes and Disputes — Soft Information Capture
- Market and Sector Signals — External Pressure on Borrowers
- Indicator Scoring and Weighting Models — Consistent Escalation

## Day 6: Watch-List Governance and Risk Grades

- Watch-List Entry and Exit Criteria — Transparent Classification
- Risk Grade Migration Rules — Timely Downgrades
- Watch-List Committee Packs — Focused Review Discussions
- Action Plans With Owners and Deadlines — Measurable Remediation
- Portfolio Watch-List Reporting to Senior Management — Concentration Visibility

## Day 7: IFRS 9 Staging and Provisioning Links

- Stage Allocation Principles Under IFRS 9 — Twelve-Month Versus Lifetime Losses
- Significant Increase in Credit Risk Triggers — Quantitative and Qualitative Tests
- Forward-Looking Information in Provisioning — Scenario Weighting
- Credit-Impaired Recognition — Moving Exposures to Stage Three
- Provision Movement Explanations — Audit and Committee Scrutiny

## Day 8: Remedial Options and Restructuring

- Covenant Waivers and Resets — Pricing and Conditions
- Standstill Agreements — Breathing Space for Restructuring
- Additional Security and Guarantees — Strengthening Lender Position
- Cash Sweep and Dividend Lock-Up Mechanisms — Protecting Repayment
- Independent Business Reviews — Evidence for Restructuring Choices

## Day 9: Workout, Recovery and Lessons Learned

- Transfer Criteria From Relationship Team to Workout Unit — Specialist Handling
- Recovery Strategy Options and Valuation of Security — Loss Minimisation
- Intercreditor Coordination in Syndicated Facilities — Aligned Lender Actions
- Post-Default Reviews of Missed Signals — Improving Indicator Sets
- Monitoring Data Quality and Systems — Reliable Portfolio Information

## Day 10: Practising the Early Warning Dashboard

- Indicator Set and Thresholds for a Case Portfolio — Trigger Design
- Covenant Compliance Test From Borrower Certificates — Breach Identification
- Headroom Projection and Liquidity Runway for Weak Names — Watch-List Ranking
- Staging Proposal and Remedial Action Plan — Committee Recommendation
- Early Warning Dashboard Completion — Presentation to Credit Committee

## Applying Borrower Early Warning and Covenant Monitoring After the Course

- Re-test the latest covenant compliance certificates of the ten largest exposures against management accounts and log every definition or input discrepancy found.
- Pilot a scored early warning indicator set on one portfolio segment and compare its flags with the current watch-list.

## Borrower Early Warning and Covenant Monitoring Questions FAQ

### What is borrower early warning and covenant monitoring and why does it matter now?

Borrower early warning and covenant monitoring is the discipline of watching facilities after approval, testing covenants and acting on signs of weakness before default. It matters now because expected-loss provisioning rewards early recognition, and borrower data arrives faster than traditional annual reviews can absorb.

### Which roles gain most from borrower early warning and covenant monitoring training?

Portfolio analysts, relationship managers, credit risk officers, investment analysts and borrower-side finance managers gain most. You benefit most if you review compliance certificates, sit on watch-list committees or decide when to escalate a weakening exposure.

## How does borrower early warning and covenant monitoring training differ from a financial statements analysis course?

It focuses on the life of a facility after approval rather than the initial judgement of a company. A statements analysis course teaches ratios and earnings quality; this one builds indicator sets, covenant tests, headroom projections, staging triggers and watch-list actions.

## What will I bring back from borrower early warning and covenant monitoring training?

You bring back an early warning dashboard for a case portfolio, with indicator thresholds, covenant compliance tests, headroom projections, staging proposals and remedial action plans ready to adapt to your own exposures.

## Borrower Early Warning and Covenant Monitoring: The Way Forward

The early warning dashboard first informs the next watch-list committee, where risk officers use its scores to move exposures and relationship managers agree remedial actions with borrowers. Portfolio analysts then refresh it with every reporting cycle. After two quarters, revisit which indicators flagged real deterioration early and which only produced noise, and recalibrate thresholds accordingly.