Amend Term Loan and Repayments (W5)

This version is superseded. Click here to view the latest guide.

PURPOSE

This document explains how to amend term loan and term loan repayments.

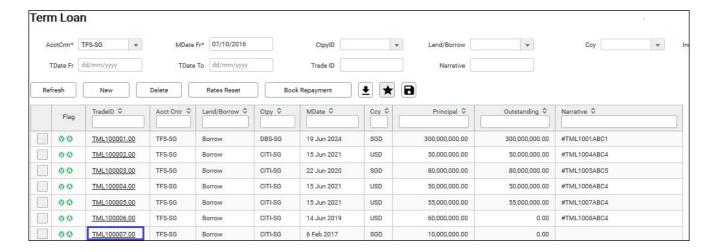
WHY IS THIS IMPORTANT?

This allows flexibility in maintaining the Term Loan repayment schedule if there is any change in rates or repayment schedule.

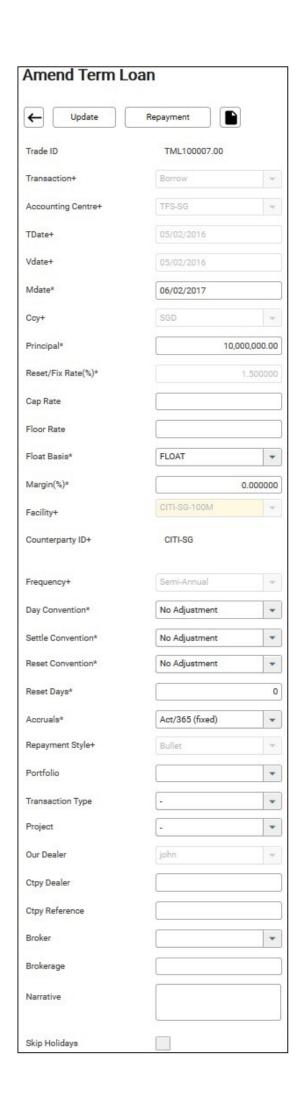
PROCEDURE



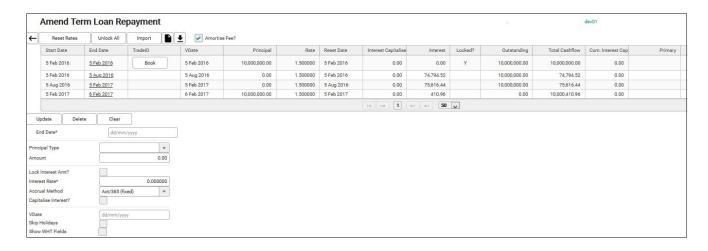
1. To amend a term loan, from the Term Loan launch screen, click on the Trade ID of what is being amended.



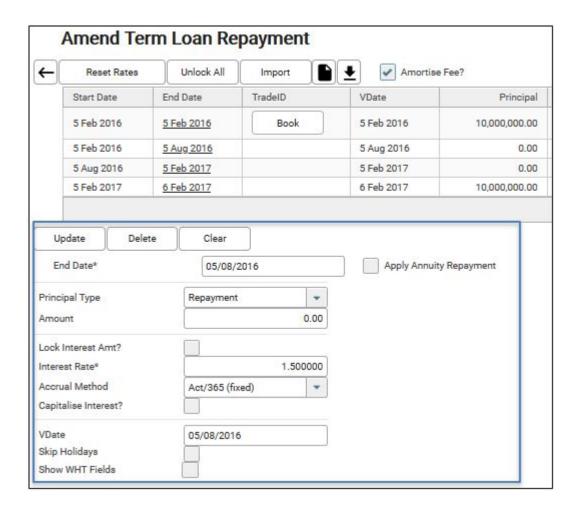
2. The Amend Term Loan screen will be displayed.



- 3. Amend the fields as needed. Note that items with (+) are not editable. If those need to be changed, the term loan has to be deleted.
- 4. Once all amendments have been made, click Update.
- 5. To amend term loan repayment, from the Amend Term Loan screen, click on Repayment, and the Amend Term Loan Repayment screen displays.



6. Click the date in the End Date column to amend the existing repayment schedule. In this example, 5-Aug-2016 is chosen. The fields below will be populated with the information for the repayment item.



- 7. Change as appropriate. In this example, interest rate will be changed to 2.5%.
- 8. Click Update.
- 9. Interest will be recomputed once update is clicked.



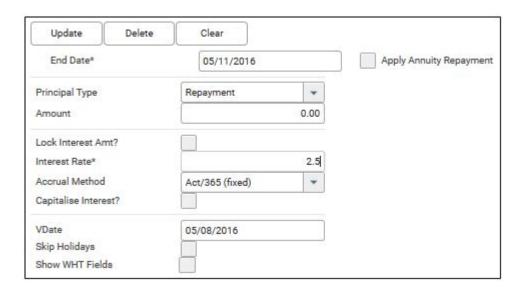
10. Note that, depending on what action is being taken, there are various processes to update the term loan repayment schedule. Below is a table that gives details on those processes.

a. Repay Interest Only

- i. Enter the End Date.
- ii. Enter the Interest Rate.
- iii. Select the Accrual Method. Default is based on the accrual method set

up for the currency.

iv. Click Update. The system will compute the interest amount for the period.

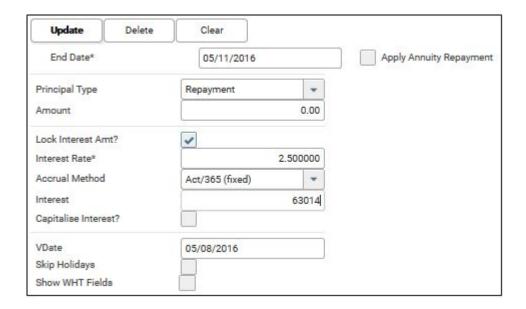


Note:

Vdate will be defaulted to the match the End Date if left blank.

If you do not want the system to compute the interest amount, tick on "Lock Interest Amt?" and enter the interest amount in the "Interest" field.

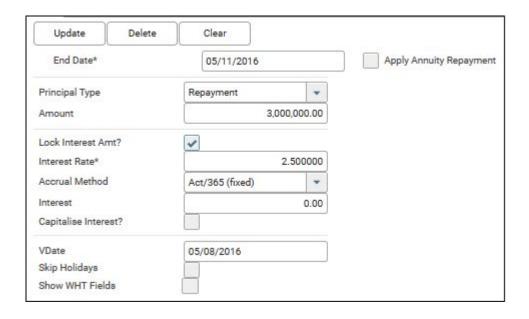
Click Update.



b. Repay Principal Only

- i. Enter the End Date.
- ii. Select the "Principal Type" as Repayment.

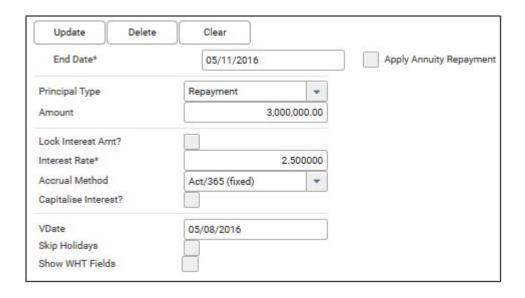
- iii. Enter principal amount in the "Amount" field.
- iv. Enter the Interest Rate.
- v. Select the Accrual Method. Default is based on the accrual method set up for the currency.
- vi. Tick on "Lock Interest Amt?" with interest amount set to 0.00.
- v. Click Update.



Vdate will be defaulted to match the End Date if left blank.

c. Repay Principal + Interest

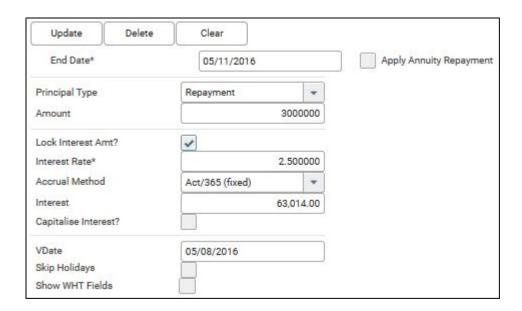
- i. Enter the End Date.
- ii. Select the "Principal Type" as Repayment.
- iii. Enter principal amount at the "Amount" field.
- iv. Next, for the interest, enter the Interest Rate.
- v. Select the Accrual Method. Accrual method is defaulted based on the Currency setup.
- vi. Click Update.



Vdate will be defaulted to match the End Date if left blank.

If you do not want the system to compute the interest amount, tick on "Lock Interest Amt?" and enter the interest amount in the "Interest" field.

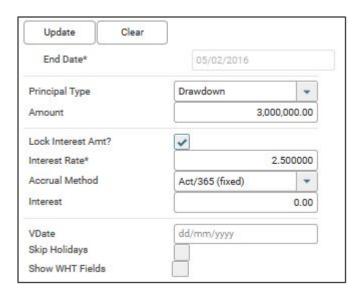
Click Update.



d. Additional Drawdown

- i. Enter the End Date.
- ii. Select the "Principal Type" as Drawdown.
- iii. Enter the principal amount in the "Amount" field.
- iv. Next, enter the Interest Rate.
- v. Select the Accrual Method. Default is based on the accrual method set up for the currency.

vi. Tick on "Lock Interest Amt?" with the interest amount set to 0.00. vii. Click Update.

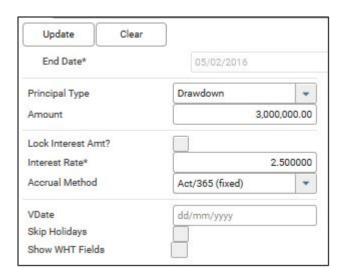


Note:

Vdate will be defaulted to match the End Date if left blank.

e. Additional Drawdown + Interest Repayment

- i. Enter the End Date.
- ii. Select the "Principal Type" as Drawdown.
- iii. Enter the principal amount in the "Amount" field.
- iv. Next, for the interest, enter the Interest Rate.
- v. Select the Accrual Method. The Accrual Method is defaulted based on the Currency setup.
- vi. Click Update.

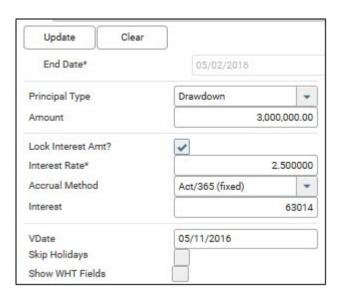


Note:

Vdate will be defaulted to match the End Date if left blank.

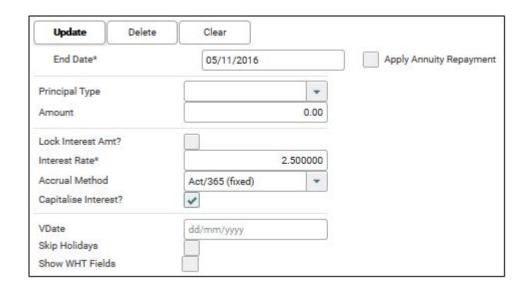
If you do not want the system to compute the interest amount, tick on "Lock Interest Amt?" and enter the interest amount in the "Interest" field.

Click Update.



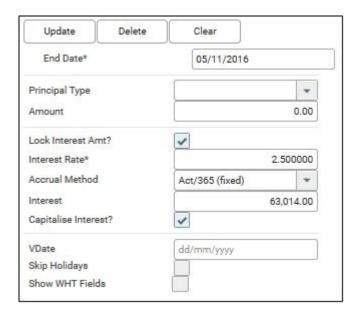
f. Interest Capitalization

- i. Enter the End Date.
- ii. Enter the Interest Rate.
- iii. Select the Accrual Method. Default is based on accrual method set up for the currency.
- iv. Tick on the "Capitalise Interest?" checkbox to capitalize interest.
- v. Click Update. The system will compute the interest amount for capitalization.



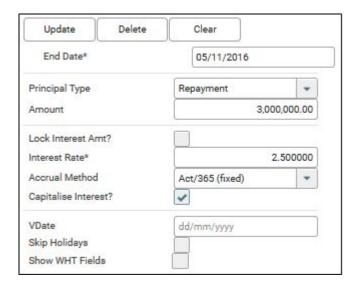
Vdate will be defaulted to match the End Date if left blank.

If you wish to fix the interest amount to be capitalized, tick on "Lock Interest Amt?" and enter the capitalized amount in the "Interest" field.



g. Repay Principal + Interest Capitalization

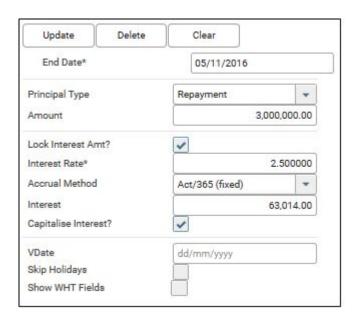
- i. Enter the End Date.
- ii. Select the "Principal Type" as Repayment.
- iii. Enter the principal amount.
- iv. Enter the Interest Rate.
- v. Select the Accrual Method. Default is based on accrual method set up for the currency.
- vi. Tick on the "Capitalize Interest?" checkbox to capitalize interest.
- vii. Click Update. The system will auto-calculate the interest amount to be capitalized for the period.



Vdate will be defaulted to match the End Date if left blank.

If you wish to fix the interest amount to be capitalized, tick on "Lock Interest Amt?" and enter the capitalized amount in the "Interest" field.

Click Update.



11. Once the repayment schedule is updated, click Book to book the repayment items in the schedule. Note that Amortise Fee option is checked by default. Each time the repayment item is booked, system will recompute the fee amortisation. However, this requires the Term Loan trade to be tagged to the Fee transaction booked under Fees and Cash Transactions. System will prompt that the Term Loan trade needs to be tagged to the Fee transaction upon clicking the Book button if you have not done the tagging. See <u>Fees and Cash Transactions</u> for

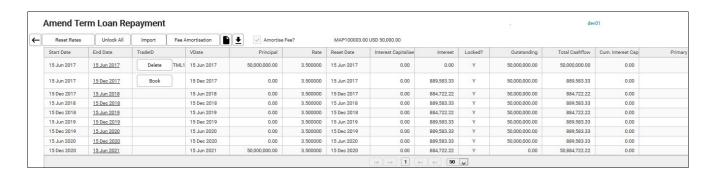
more details on booking the fee transaction and tagging of Term Loan trade.

For more details on the computation of fee amortization, click here.

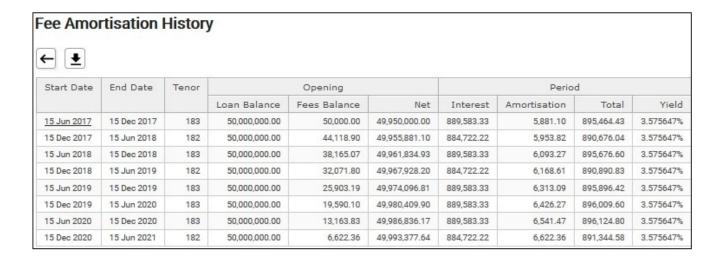
Note: If amortisation of fees is not required, uncheck the Amortise Fee option before booking the repayment items.



12. A trade ID will be assigned by the system once the repayment item is booked, i.e. TML100007/001. The trade ID of the Fee transaction and the amount will also be displayed after the Amortise Fee option.



13. Fee amortisation history can be retrieved in the system by clicking Fee Amortisation. The screen below displays.



14. To see fee amortisation schedule, click on the hyperlink of the date you wish to see the fee amortisation schedule. The fee amortization schedule shown will be as at the date that you have clicked.



15. Click Back Button to return to Amend Term Loan Repayment screen.

FREQUENTLY ASKED QUESTIONS

FAQ01. How does the system handle stub period interest?

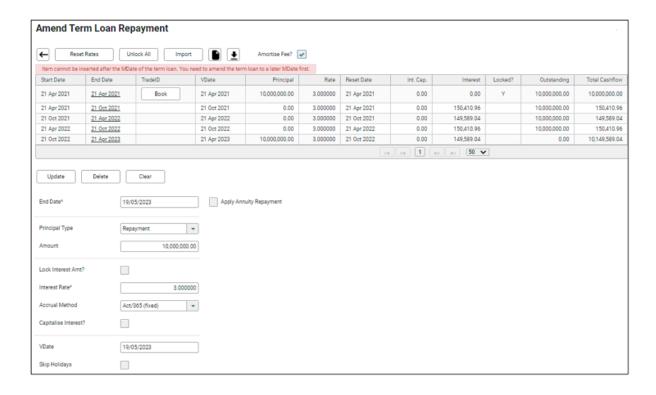
The system has a special handling of the stub period interest, click <u>here</u> for procedures.

FAQ02. How to apply annuity term loan repayment?

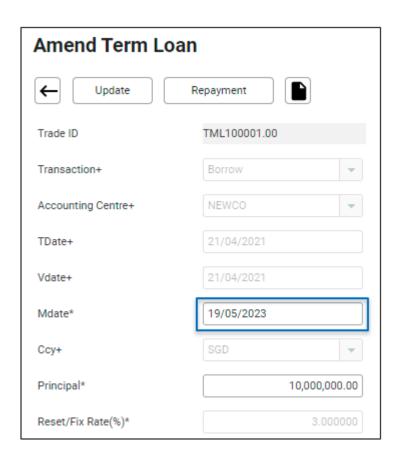
Click here for the procedure on annuity term loan repayment.

FAQ03. I would like to amend the last end date in the repayment schedule to a later date as the maturity date has moved. How can I amend?

Before you can amend the last end date in the repayment schedule to a later date, please need to make sure the last end date cannot be beyond the maturity date of the term loan trade. System will prompt the below message when you are trying to amend the last end date to a date later than the maturity date.



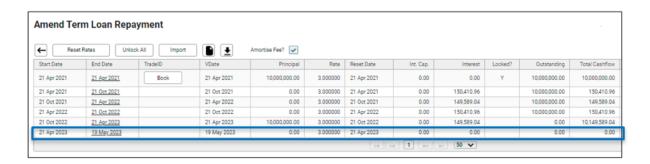
To amend the maturity date of the term loan trade, click back button to the Amend Term Loan page and amend the maturity date. Click Update.



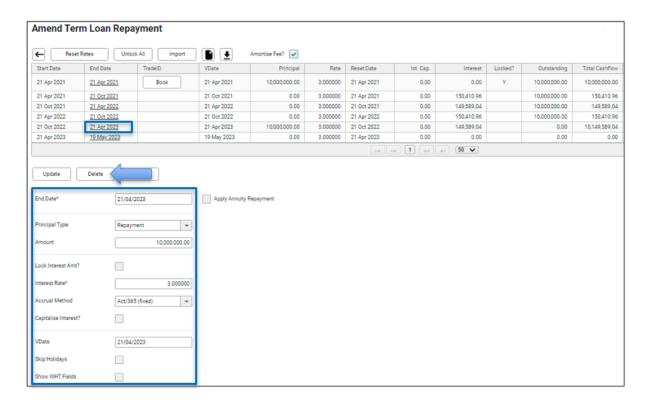
Once the maturity date is amended, you can then amend the last end date in the repayment schedule to reflect the same.

Note that when you update from existing end date to a new date, system

will add a new row item in the repayment schedule.



Remove the existing end date row in the repayment schedule that is not required, in this example, 21 Apr 2021. To remove, click on the end date, details will be populated below. Then, click on the Delete button.



Repayment schedule is now updated.

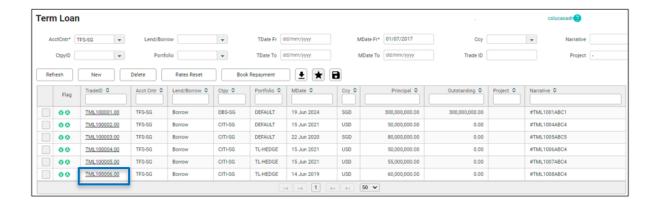


FAQ04. How do I apply the withholding tax on the interest?

Withholding tax on the interest can be applied in the Amend Term Loan

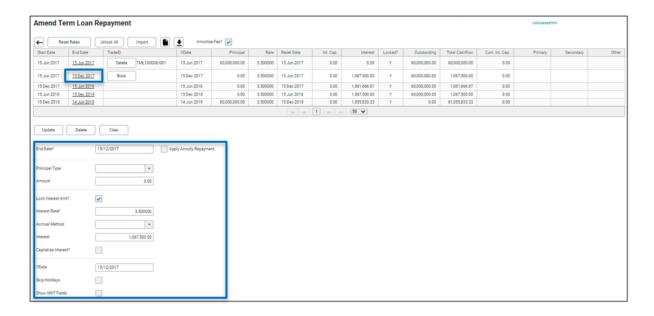
Repayment screen. Please see instructions below to apply withholding tax.

From the Term Loan listing page, click on the trade ID.

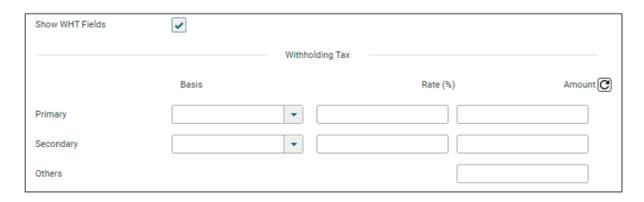


Click on Repayment button to go to Amend Term Loan Repayment screen.

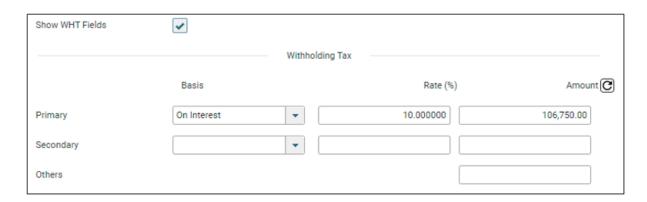
Then, click on the End Date hyperlink of the interest repayment item. Details will be populated in the fields below.



Tick on the Show WHT Fields checkbox. The following will display.



Select the withholding tax basis. In this example, the withholding tax is on interest. Enter the withholding tax rate and click on the recompute button. System will compute the withholding tax amount. In this example, 10% of the interest amount. If there are any other taxes that you wish to add for this transaction, enter the amount in the Others field.



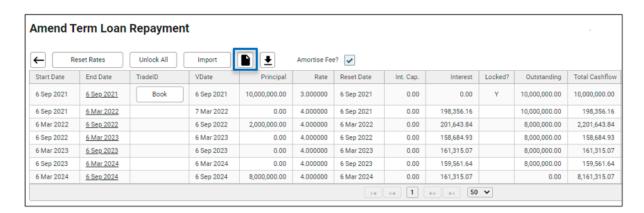
When completed, click on the Update button.



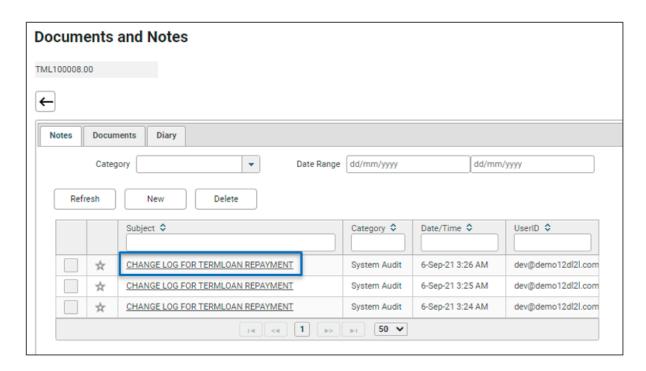
Updated withholding taxes will be reflected in the repayment schedule.

FAQ05. How do I check the change history for updates made to the loan repayment schedule?

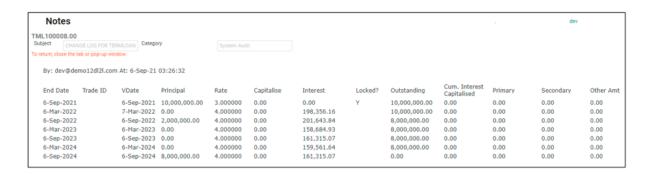
Any changes/ updates to the loan repayment schedule will be audit logged in the system. For every change that is saved, system will keep a snapshot of the last saved repayment schedule under File/Note.



To view the last saved snapshots, click on the File/Note button from the Amend Term Loan Repayment screen.



A new browser window or tab will be opened.



To return, close the tab or pop-up window.

RELATED INFORMATION

Launching Term Loan

Create Term Loan

Term Loan Periodic Reset Rates

Term Loan Rates Reset Management

Accounting Journals for Term Loan

Fees and Cash Transactions

Term Loan Fee Amortisation

CHANGE HISTORY

Date	Ву	Changes
15-Feb-2008	-	Created
28-Jul-2015	CS	Included section for FAQ
02-Feb-2016	Clarissa	Reformatted. Rewritten.
12-Jun-2016	Douglas	Proofread.
30-Nov-2016	TS	Updated.
10-Маг-2017	Clarissa	Added FAQ01 and FAQ02.
19-Nov-2019	Lyra	Updated Screenshots.
21-Арг-2021	TS	Added FAQ03.
15-Nov-2021	TS	Added FAQ04.
7-Feb-2022	TS	Added FAQ05.