

[Date]

[Client Name]

[Client Title]

[Company Name]

[Address]

Subject: Advisory on Interest Rate Policy Impact on Syndicated Loan Portfolio

Dear [Client Name],

We are writing to provide an advisory update regarding recent shifts in central bank interest rate policies and their specific implications for your outstanding syndicated loan facilities.

As benchmark rates fluctuate, the following areas of your credit portfolio are likely to be affected:

- **Debt Servicing Costs:** Any shift in the reference rate (e.g., SOFR, EURIBOR) will directly impact the floating rate components of your interest payments.
- **Covenant Compliance:** Changes in interest expense may compress Interest Coverage Ratios (ICR) and Debt Service Coverage Ratios (DSCR), potentially tightening your financial covenant headroom.
- **Secondary Market Valuation:** Fluctuations in the rate environment may influence the trading price of your debt among the syndicate members and impact future refinancing spreads.
- **Hedging Effectiveness:** Current interest rate swaps or caps should be reviewed to ensure they remain aligned with the underlying loan maturity and updated rate projections.

We recommend a formal review of your upcoming interest periods and an assessment of your current hedging strategy to mitigate potential volatility.

Our team is available to conduct a detailed sensitivity analysis on your portfolio at your earliest convenience.

Sincerely,

[Your Name]

[Your Title]

[Financial Institution/Advisory Firm]