BLACKLEAF

2026 EDITION

BLACKLEAF CAPITAL & FINANCE

Lender Engagement *Playbook*

How to approach banks, development finance institutions and private credit providers, and what each expects from a borrower.

INTRODUCTION

Choose lenders *before you approach them.*

Lenders differ in what they fund, how fast they move and what they require. The wrong approach wastes months and can close doors. The right sequence presents one strong file to the right few.

This playbook covers the main lender types, how to choose between them, how to approach them, and how to manage the conversation through to a term sheet and drawdown.

Match

Right lender for the amount, purpose and sector.

Present

One file, one story, one timetable.

Compare

Terms side by side, not one at a time.

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Lender *types*.

Each type of lender has its own appetite, speed and style.

TYPE	TYPICALLY FUNDS	WHAT IT TENDS TO NEED
Commercial banks	Term loans, overdrafts, asset finance, trade finance	Track record, security, audited statements
Development finance institutions	Projects and growth with development impact	Impact case, governance, full compliance
Private credit and mezzanine funds	Growth, acquisitions, structured needs	Strong cash flow, a model, and a clear exit for the loan
Alternative and specialist lenders	Working capital, invoices, equipment, short-term needs	Current management accounts and quality collateral
Asset and invoice financiers	Funding against debtors, stock or contracts	Quality, legal title and verifiable receivables
Shareholders and related parties	Bridging and subordinated funding	Clear documents and arm's-length terms

Appetite changes. Lender appetite, criteria and pricing change with the market and with each lender's own funding. BlackLeaf tests current appetite at the time of a raise.

Choosing *a lender*.

Match the lender to the need, not the other way round.

IF THE NEED IS	CONSIDER	WATCH FOR
Short-term working capital	Banks, alternative lenders, invoice finance	Cost, and renewal risk
Asset purchase	Asset finance, bank term loans	Security over the asset, residual risk
Growth capital	Banks, private credit, DFIs	Covenants, the time taken
Acquisition	Banks and private credit	Structure, seller funding, intercreditor terms
Project with impact	Development finance institutions	Compliance burden and process length
Refinance or restructure	Existing lender first, then others	Standstill, consent and exit costs

QUESTIONS TO ASK ABOUT ANY LENDER

- ✓ Does it fund this sector, size and purpose?
- ✓ What is its typical decision time, and who decides?
- ✓ What security and covenants does it usually require?
- ✓ What is the all-in cost: margin, fees, and any other charges?
- ✓ How does it treat borrowers who breach a covenant or fall behind?
- ✓ Who is the contact, and how stable is the relationship?

Preparing *the approach*.

Approach a lender only when the file is ready. A weak first impression is hard to repair.

01

Complete the file

Purpose paper, statements, model, debt schedule and corporate records, all consistent.

OUTPUT: LENDER-READY FILE

02

Know your numbers

Be able to explain debt service cover, headroom and the downside case without notes.

OUTPUT: BRIEFED MANAGEMENT TEAM

03

Agree the line

Decide the structure, security and covenants you can accept, and what you will not.

OUTPUT: NEGOTIATING POSITION

04

Plan the approach

Choose the lenders, the order, and the window in which you will approach them.

OUTPUT: APPROACH PLAN

One story. Everyone who speaks to a lender should give the same answers. Prepare a short list of facts and agree who answers which question.

The first *meeting*.

The first meeting tests the people and the story. The documents come second.

Lead with the purpose

State the amount, use and repayment source in the first few minutes.

Show command of the numbers

Know the debt service cover, the working capital cycle and the downside.

Disclose problems yourself

Known weaknesses stated early are managed. Weaknesses found later are held against you.

Ask good questions

Ask about the credit process, timing, security and what would make the file stronger.

DO	DO NOT
Send a short summary in advance	Send the whole data room cold
Bring the person who runs the numbers	Rely on the owner alone for detail
Agree next steps and dates before leaving	Leave without a clear next step
Follow up in writing within a day	Overpromise on timing or forecasts

Credit process *and timeline*.

Lenders run a similar process. The time each stage takes depends on the lender, the file and the amount.

01

Introduction and screening

The lender confirms appetite and asks for the summary file.

OUTPUT: GO OR NO-GO TO A FULL REVIEW

02

Information and analysis

The lender reviews the file, asks questions and builds its credit paper.

OUTPUT: CREDIT PAPER

03

Credit committee

The proposal is decided, approved, declined or sent back with conditions.

OUTPUT: APPROVAL IN PRINCIPLE OR DECLINE

04

Term sheet and conditions

Terms are issued, negotiated and accepted, with conditions precedent.

OUTPUT: ACCEPTED TERM SHEET

05

Documentation and drawdown

Facility and security documents are signed, conditions met and funds drawn.

OUTPUT: FUNDED FACILITY

Timing. Lenders' timing varies and can be long. Allow for questions, committee dates and conditions, and do not plan around a single lender's promised date.

Reading *a term sheet*.

The headline rate is only one term. Read the whole sheet before comparing.

TERM	WHAT TO CHECK
Amount and purpose	Does it match the need, and is any part conditional?
Tenor and repayment	Instalments, balloon payments and any grace period
Pricing	Margin, reference rate, fees, and what can change
Security	What is pledged, which entities and assets, and any personal guarantees
Covenants	Financial tests, definitions, testing dates and cure periods
Conditions precedent	What must happen before the first drawdown
Events of default	What triggers default, and cross-default to other debt
Prepayment	Early repayment fees or restrictions
Information undertakings	Reporting, audit and access obligations
Change of control	Whether a sale or restructure needs consent

Take legal advice. Facility and security agreements have legal consequences. Instruct your attorney before signing, and test covenants against your own forecast.

07 · AFTER

Managing *the relationship*.

A funded facility is the start of the relationship, not the end.

- Report on time, in the format agreed, with commentary
- Tell the lender early about bad news, before it appears in the numbers
- Test covenants every month, not only at the testing date
- Keep security records and insurance current
- Meet the lender at least once a year, and show the plan
- Track cost of funds, and review whether refinancing makes sense
- Keep a calendar of renewals, reviews and reporting dates

If a covenant is at risk. Approach the lender before the test date with an explanation and a plan. A lender who is told early has more options than one who finds out from a breach.

Playbook *checklist*.

Score one point for each statement that is true today.

- [ ] Purpose, amount and repayment source stated
- [ ] File complete and consistent
- [ ] Management can explain the numbers unaided
- [ ] Downside case prepared
- [ ] Lender types matched to the need
- [ ] Approach order and window agreed
- [ ] Structure and security limits decided
- [ ] Single story agreed for all speakers
- [ ] Questions for each lender prepared
- [ ] Term sheet comparison grid ready
- [ ] Attorney identified for documentation
- [ ] Reporting calendar planned

11 to 12
Ready to approach.

8 to 10
Close. Finish the gaps.

4 to 7
Prepare further.

0 to 3
Not ready. Start with the file.

Next step. BlackLeaf runs lender approaches for capital mandates, and compares terms across lenders before you commit.

ABOUT BLACKLEAF

Begin with a *private conversation*.

BlackLeaf is a family-owned group offering corporate advisory, capital solutions, mergers and acquisitions, fiduciary services and family office support. Every mandate is led by a principal.

Capital Readiness Protocol

Finds and fixes structural defects before a financier or buyer does.

Capital & finance

Debt, equity and structured funding, placed with the right financiers.

Fiduciary & statutory

Compliance, trusts and company secretarial work, kept in order.

OUR COMMITMENTS

- Absolute discretion: mutual non-disclosure before any detail is shared
- One integrated team across advisory, capital and fiduciary work
- Led by a principal from first conversation to completion

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