

COURSE OUTLINE:

Concepts of Credit

3 days
24 CPE Credits

Overview

This course is designed to give a broad and comprehensive grounding in credit. It proceeds methodically through the stages of debt analysis, the assessment and development of transaction structures, and management of financial distressed situations. The class is presented in an interactive format, using public companies and examples with current relevance.

Learning Objectives

Upon completion of this seminar delegates will be able to:

- » review financial statements and apply analysis methodologies to assess a debt transaction
- » understand the risks inherent in structures and levels of seniority
- » anticipate and respond effectively to problems of financial distress

Who Should Attend

[This course is an introduction to credit. It is well suited for new hires in commercial and investments banks, as well as debt analysts and relationship managers at a beginning to intermediate level. It is also ideal for professionals with good experience in other financial fields who would like to learn about the area of credit. These may include equity analysts, structured finance and derivative specialists, portfolio managers, corporate treasury executives, and the like.

Program Level

Program Level: Overview

Prerequisites: Two years experience in a financial market-related function or attendance on the Fundamentals of Corporate Credit seminar or equivalent

Advanced Preparation: None

Delivery Method: Group-Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Concepts of Credit – Agenda

DAY ONE

Session 1: Introduction - Credit Analysis

- » Business and financing cycles
- » Correlation of purpose, timing, and repayment
- » Correlation of assets, liabilities, and revenues
- » Liquidity and solvency: types and sources
- » Primary importance of liquidity; effects of illiquidity

Session 2: Ratios

- » P&L, balance sheet, and cash flow credit ratios
- » Issues in calculating and interpreting ratios
- » Issues in peer analysis: consistency and comparability
- » Strengths and weaknesses of ratio analysis
- » Exercise: A Look at WorldCom

Session 3: Cash Flow Analysis

- » Converting income statement to cash flow statement
- » Revenue and expense recognition
- » Attention to certain cash flow line items
- » Ratios as cash flow predictors
- » EBITDA and other cash flow surrogates

Session 4: Non-Statement Credit Issues

- » Changing environment: Sarbanes Oxley, PCAOB
- » Credit timing: seasonality, cyclical, life cycle
- » Footnotes: leases, pensions, reserves,
- » Debt-equity conflicts in financial distress contingencies, derivatives
- » Management: depth, succession, governance, compensation
- » Exercise: A Look at Enron

DAY TWO

Session 5: Structuring of Debt

- » Elements of structure
- » Issuers and investors
- » Complex debt and organizational arrangements
- » Covenants, maturities, guarantees, security
- » Off-shore subsidiaries, SPVs, VIEs
- » Issues in acquisition finance
- » Exercise: A Look at Parmalat

Session 6: Seniority and Subordination

- » What is subordination? Asset & payment questions
- » Contractual, structural, and effective subordination
- » Types of security, perfection of collateral interest
- » Rights and relations of various capital instruments

Session 7: Case Study

DAY THREE

Session 8: Defaults and Responses

- » Defaults and events of default
- » Adjusting and waiving covenants
- » Reasons for and against acceleration

Session 9: Financial Distress

- » Direct and indirect costs of financial distress
- » Silent insolvency
- » Concerns when management is identified with equity

Session 10: Workouts, Restructures, and Bankruptcies

- » Assessing suitability for restructure
- » Workouts, creditor committees, negotiations
- » Chapters 7 and 11
- » Priorities in liquidation and payments
- » Exchange of debt and equity
- » Position of secured lenders; absolute priority
- » Fraudulent conveyance
- » Role of vulture investors
- » DIP financing
- » Reorganization plan; prepackaged bankruptcies
- » Emergence and benefits
- » Valuation activities at different stages
- » Is Chapter 11 efficient?

Concepts of Credit–Agenda (Cont...)

RELATED COURSES

Corporate Credit

- » Credit Masterclass
- » Fundamentals of Corporate Credit
- » Corporate Credit Rating Analysis
- » Corporate Credit & Cash Flow
- » Credit Analysis for RiskAnalyst Users

Troubled Credits

- » Problem Credits
- » Covenants & Documentation
- » Liquidity Analysis & Refinancing Risk for Corporates
- » Corporate Debt Restructuring

Tailor Any Seminar for Your Organization

Moody's Analytics offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us to learn more and to work with one of our training consultants to design the right program for your organization.

Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

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