MOODY'S ANALYTICS

Fundamentals of Corporate Credit

BEST PRACTICES FOR ASSESSING AND MEASURING CREDIT RISK

Overview

This seminar is the first level in the Moody's Analytics credit series and provides participants with a solid foundation of best practice tools and techniques related to fundamental credit analysis. This seminar concentrates on the issues relevant to single obligor analysis, both qualitative and quantitative. The topics covered enable credit practitioners to review real market situations and assess the cash flow and credit implications. Where applicable, the course will draw on the insight, research, and rating methodologies of our sister company, Moody's Investors Service. Each credit issue will be analyzed both from a theoretical and a practical perspective, using recent market examples.

Participants will be provided with a set of "tools" which are practical aids to use on the job.

Who Should Attend?

This course is recommended for:

» Relationship managers

» Credit risk managers

» Corporate lending officers

» Investment bankers

» Asset managers

» Fixed-income professionals

» Bond researchers
(both buy and sell sides)

Course Benefits

By the end of this course, you will be able to:

» Apply a structured approach to corporate credit assessment

» Calculate and interpret key financial ratios used in the credit rating process

» Interpret financial statements for their effectiveness, relevance and vulnerability

» Determine cash movement dynamics and ascertain their importance in the analysis process

» Identify the major structure risks when lending into a group of companies

PROGRAM LEVEL	PREREQUISITES	ADVANCED PREPARATION
Introductory	None	None

Course Agenda

MODULES	TOPICS
1 Assessing and Measuring Credit Risk	Credit risk, its components, and its drivers
	Different approaches to assessing single obligor credit risk
	Role of rating agencies, ratings, and how they work
	Comprehensive risk analysis framework
2 Business Risk Assessment	Defining the client and the credit base
	Business risk factors and drivers
	Structured approach to industry risk analysis
	Assessing management
3 Group Structure Risks	Definition and exercises on structural subordination, dilution and holding company risk
	Introduction to mitigating group structure risks
4 Understanding Financial Statements	Statement structure and composition
	Accounting concepts and principles
	Reliability of financial statement data
	Accounting policies
5 Financial Analysis	The four key financial risk areas
	Financial ratios: use, mis-use, and interpretation
	Introduction to financial statement adjustments

MODULES		TOPICS
6	**Cash Flow Statements and Formats**	The difference between cash and accrual accounting
		Different cash flow statements and formats
		Constructing a cash flow statement
7	**Cash Flow Analysis**	Cash drivers: the PACED framework
		Asset conversion cycle
		Why EBITDA is not cash flow
		Linking cash flow and business risks
8	**Debt Capacity and Debt Service Analysis**	Why companies need external funding
		Capital structure, sources of debt, and repayment sources
		Debt capacity and debt service
		Assessing stability and sustainability of cash flow
9	**Cash Flow Forecasting & Sensitivity Analysis**	Structured approach to forecasting
		Linking business risk drivers to projections
		Assessing sensitivities and scenarios
		Monitor when a client's risk profile deteriorates
10	**Putting it All Together = Preparing a Projection Analysis**	Case study: Using the published data of a major company, delegates prepare and present a loan proposal to a credit committee

Why Moody's Analytics?

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GROUP DISCOUNTS

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

FEES AND 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 canceled 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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