

## Overview

*Assessing Credit Risk of Commodity Traders* provides a structured approach to identifying and analyzing credit risk in a practical and efficient manner.

This course first introduces and examines the framework and tools necessary to undertake a critical analysis of credit risk, and then explores the specific methods and measures used to evaluate commodity traders. It also addresses group and debt structure analysis, with an emphasis on how a debt instrument's terms and conditions can be used to mitigate risks. The course includes a combination of short presentations, discussions, exercises, and case studies to enrich the learning experience.

## Who Should Attend?

This course is recommended for credit professionals who do business with commodity traders, including:

- » Credit analysts and underwriters
- » Investment and commercial bankers
- » Relationship managers

## Course Benefits

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

- » Identify the different sources of repayment for corporate loans to commodity traders
- » Use collateral to establish a senior position in the capital structure
- » Consider macroeconomic and sector factors as part of the risk assessment
- » Understand why unique measures are used when lending to commodity traders
- » Evaluate the operating risks associated with a commodity trader's including management, access to capital, and quality of earnings
- » Perform cash flow analysis and identify early warning signals in the operating results
- » Differentiate between liquidity and solvency and identify their benefits and limitations in the funding structure
- » Mitigate risks in debt instruments by properly structuring terms and conditions

**PROGRAM LEVEL**

Intermediate

**PREREQUISITES**

None

**ADVANCED PREPARATION**

None



## Course Agenda

MODULES	TOPICS
<p><b>1</b> Sources of Repayment for Corporate Loans to Commodity Traders</p>	<p>Identifying the lending rationale and potential repayment sources</p> <p>Uncovering key risks</p> <p>Understanding debt structure versus repayment sources</p> <p>Identifying the appropriate debt structure and potential ways to mitigate risks</p>
<p><b>2</b> Establishing a Senior Position</p>	<p>Understanding ranking and the types of subordination.</p> <p>Using collateral to establish seniority</p> <p>Understanding first lien versus other lien positions</p> <p>Distinguishing between payment and lien subordination</p> <p>Evaluating group structures and the impact on ranking</p> <p>Evaluating the strength of group support</p> <p>Assessing guarantors</p>
<p><b>3</b> Risk Assessment: Macroeconomic and Sector Considerations</p>	<p>Understanding macroeconomic and political conditions and their impact on performance and access to capital</p> <p>Distinguishing sector differences and their potential impact on balance sheet structure, profitability measures, and repayment sources</p> <p>Evaluating performance volatility and its impact on access to capital</p>
<p><b>4</b> Risk Assessment: Evaluating Operating Risks</p>	<p>Evaluating a commodity trader's management</p> <p>Understanding management's impact on access to capital to fund operations</p> <p>Understanding why traditional asset efficiency measures don't work for commodity traders</p> <p>Evaluating the quality of earnings</p> <p>Accounting for derivatives: cash flow versus fair value hedges</p> <p>Exploring the cash flow statement as a bridge between the balance sheet and income statement</p> <p>Using the cash flow statement to evaluate operating performance</p> <p>Differentiating between funds from operations, cash flow from operations, and free cash flow</p> <p>Identifying early-warning signs in the operating results</p>

MODULES	TOPICS
<p><b>5</b> <b>Risk Assessment: Evaluating Funding Structure</b></p>	<p>Understanding the difference between public and private commodity traders and the potential impact on access to capital</p> <hr/> <p>Assessing the appropriateness of the capital structure</p> <hr/> <p>Differentiating between liquidity and solvency</p> <hr/> <p>Assessing a commodity trader's access to capital</p> <hr/> <p>Evaluating a commodity trader's ability to meet a liquidity challenge or withstand a market disruption</p> <hr/> <p>Assessing solvency for a commodity trader</p> <hr/> <p>Exploring the benefits and limitations of standard solvency measures</p> <hr/> <p>Incorporating cash flow analysis into the assessment of financial risk</p> <hr/> <p>Assessing the company's funding decisions</p>
<p><b>6</b> <b>Risk Assessment: Terms and Conditions</b></p>	<p>Exploring the relationship between loan security and risk mitigation</p> <hr/> <p>Understanding borrowing bases and the degree of protection they provide</p> <hr/> <p>Understanding the importance of carefully defining terms and conditions</p>

# Why Moody's Analytics?

## Current and Consultative

We work with you to understand the distinct needs of your organization to 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, finTech, negotiation and leadership development.

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### TAILOR ANY SEMINAR FOR YOUR ORGANIZATION

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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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