Commodity Trade Finance: Pre-Export, Borrowing Base and Warehouse Receipt Lending

8 – 12 February 2027
Paris - Right Bank business hotel



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Introduction:

Commodity trade finance losses rarely start with price moves alone; they start with pre-export loans repaid from cargoes that never ship, borrowing base certificates built on ineligible stock, warehouse receipts pledged twice and collateral managers who count tanks nobody has sounded. This Core Concept course gives bank commodity finance teams and traders' treasury and credit staff a method for structuring and monitoring self-liquidating facilities across metals, energy, grains and softs. Participants produce a Structured Commodity Facility Term Sheet and Credit Risk Memo for a case trade.

Course Objectives:

- Distinguish transactional, self-liquidating commodity lending from balance-sheet corporate lending and decide which structure fits a given trader, producer or processor
- Structure pre-export and prepayment facilities with offtake assignment, collection account control and repayment waterfalls tied to shipped tonnage
- Calculate a borrowing base with eligibility criteria, advance rates, haircuts and concentration limits and test a borrowing base certificate against stock and receivables reports
- Secure inventory, warehouse receipt and commodity repo positions through pledge, title transfer, collateral management agreements and independent inspection
- Link hedging, credit insurance and other credit enhancement to facility terms so that price, performance and counterparty risk are covered before drawdown
- Assess a commodity trading company's credit quality, detect fraud red flags and prepare a Structured Commodity Facility Term Sheet and Credit Risk Memo

Target Audience:

- Bank commodity and structured trade finance staff who originate, structure and document secured facilities for traders, producers and processors
- Credit analysts and credit risk staff who approve and review commodity finance limits, collateral and counterparty exposure
- Treasury and funding staff at commodity trading houses who negotiate borrowing base, repo and prepayment lines with banks
- Trade finance operations and collateral monitoring staff who track stock reports, inspection certificates and drawdown conditions
- Credit insurance, trade credit and portfolio staff at lenders and funds who participate in or distribute commodity risk

Course Outline:

Day 1: Commodity Trade Flows, Players and the Transactional Lending Logic

- Physical Commodity Value Chain Map: Producer, Trader, Processor, Storage Operator and End Buyer
- Metals, Energy, Grains and Softs: Cargo Size, Storage Profile and Price Volatility Comparison
- Transactional Versus Balance-Sheet Lending Decision Matrix for Commodity Borrowers
- Self-Liquidating Cash Cycle: Purchase, Storage, Shipment, Sale Proceeds and Loan Repayment
- Current Commodity Finance Book Review Worksheet by Structure, Tenor and Collateral Type

Day 2: Pre-Export, Prepayment and Borrowing Base Structures

- Pre-Export Finance Structure: Offtake Contract Assignment, Collection Account and Debt Service Cover
- Prepayment Finance: Trader Advance to Producer, Bank Participation and Delivery Shortfall Remedies
- Borrowing Base Facility Mechanics: Eligible Inventory, Eligible Receivables and Advance Rates
- Borrowing Base Certificate Review: Haircuts, Concentration Limits and Reporting Frequency
- Mark-to-Market Margin Calls and Loan-to-Value Triggers on Revolving Commodity Lines

Day 3: Inventory, Warehouse Receipt and Commodity Repo Finance

- Inventory Finance Security: Pledge, Title Transfer and Floating Charge Options
- Negotiable and Non-Negotiable Warehouse Receipts as Loan Collateral
- Collateral Management Agreement Terms: Tripartite Roles, Release Instructions and Liability Caps
- Inspection and Superintendence: Quantity, Quality and Stock Count Procedures
- Commodity Repo Structure: Sale and Repurchase Legs, Title Risk and Accounting Treatment

Day 4: Credit Enhancement, Price Risk, Documentation and Fraud Controls

- Credit Insurance, Political Risk Cover and Risk Participation Agreements
- Price-Risk Hedging Tied to Lending: Hedge Mandates, Hedge Account Pledges and Close-Out Rights
- Facility Documentation Pack: Security Assignments, Conditions Precedent and Events of Default
- Commodity Fraud Red Flags: Duplicate Receipts, Phantom Stock, Circular Trades and Forged Inspection Certificates
- Commodity Trader Credit Analysis: Liquidity Headroom, Readily Marketable Inventory Adjustment and Hedge Book Quality

Day 5: Case Trade: Facility Structuring and Credit Committee Challenge

- Case Briefing: Metals Trader Seeking a Combined Pre-Export and Borrowing Base Line
- Cash Cycle and Collateral Coverage Calculation Worksheet for the Case Trade
- Structured Commodity Facility Term Sheet Drafting: Limits, Advance Rates, Triggers and Security
- Credit Risk Memo Drafting: Key Risks, Mitigants and Monitoring Covenants
- Term Sheet and Risk Memo Presentation to a Mock Credit Committee Panel

Skills You Will Gain:

- Commodity Cash Cycle Mapping
- Pre-Export Facility Structuring
- Borrowing Base Calculation
- Warehouse Collateral Control
- Collateral Manager Oversight
- Commodity Credit Enhancement
- Commodity Fraud Detection
- Trading Company Credit Analysis

Why Attend This Course:

- Leave with a Structured Commodity Facility Term Sheet and Credit Risk Memo tested before a mock credit committee
- Spot weak collateral, ineligible stock and circular trades before a drawdown is approved
- Negotiate advance rates, haircuts and hedge requirements with traders and co-lenders using shared numbers
- Compare commodity lending practice with peers from banks, trading houses, producers and credit insurers

Conclusion:

Commodity trade finance protects a lender only when the cash cycle, the collateral and the controls line up from purchase to sale proceeds. The course moves from commodity flows and transactional lending logic, through pre-export, prepayment and borrowing base structures, to inventory, warehouse receipt and repo finance, then to credit enhancement, hedging, documentation, fraud controls and trader credit analysis. The final day turns these methods into a Structured Commodity Facility Term Sheet and Credit Risk Memo ready for credit committee use.