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Keep Risk Weird: Adapt to Changing Times

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Agenda

| Introduction

| Understanding Economic
Disruptions

| Financial Resilience: Best Practices

| Q&A

About Me



Rhonda Buras
SME, Finance & Credit Risk
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A former credit practitioner, Rhonda brings a wealth of knowledge and practical application based on more than 25 years' experience as a Director of Credit & Collections in the oil & gas industry.

She has been a speaker and panel participant about process automation, fraud, and credit risk management best practices for CRF and NACM as well as the National Petroleum Credit Energy Association, the International Credit Energy Association, and the National Chemical Credit Association.

Understanding Economic Disruptions

What is your greatest macroeconomic concern right now?

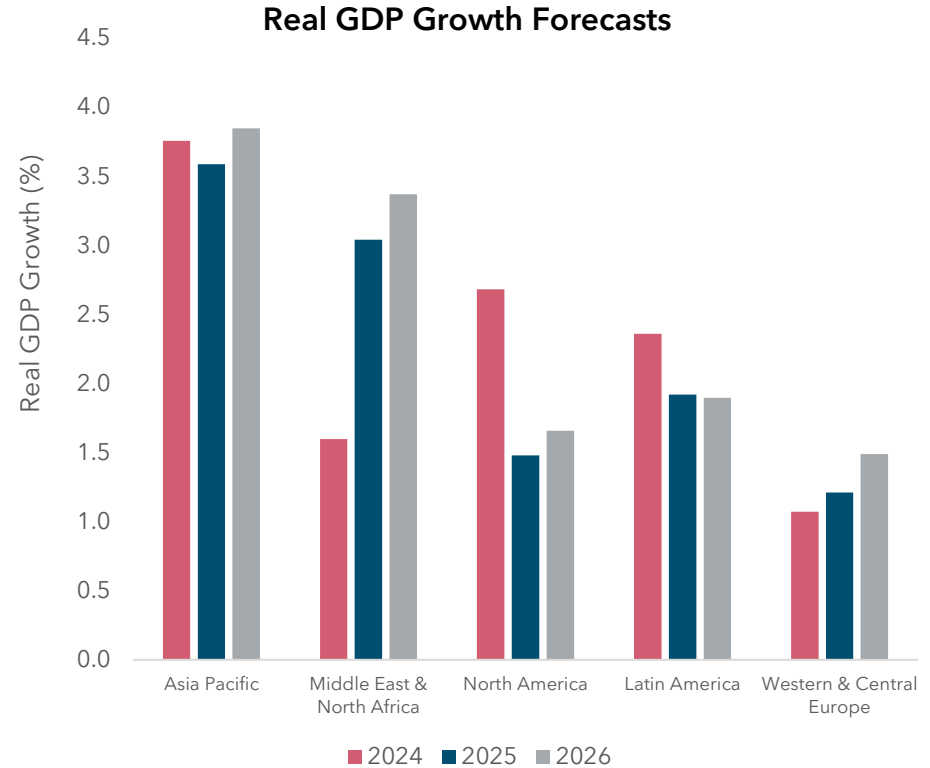
- (A) Risk of rising interest rates
- (B) Inflation and cost pressures
- (C) Geopolitical instability
- (D) Trade disruptions and tariffs
- (E) Debt sustainability
- (F) Supply chain disruption



REGIONAL SUMMARIES

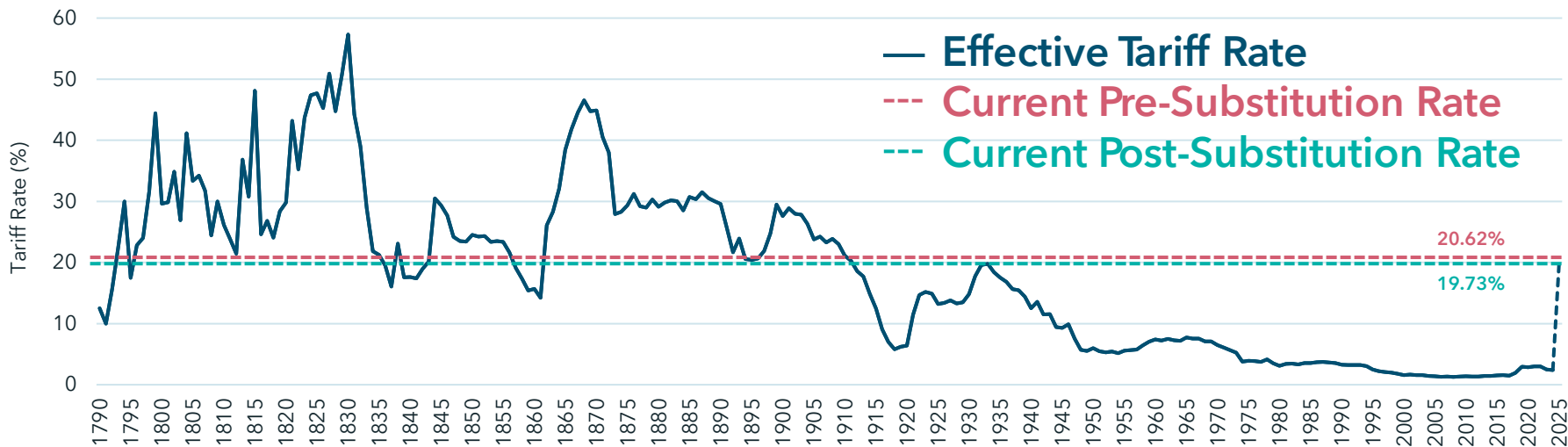
- In **North America**, U.S. tariffs may weigh on growth but not tip economy into recession
- Germany seals coalition deal in boost to **European** stability; disinflation continues
- Slower growth and tariffs on Mainland China weigh on **Asia-Pacific's** prospects
- Falling oil prices weigh on **Middle East** oil exporters as conflict escalates
- Economic conditions decline in Venezuela; **LatAm** commodities face tariffs

Global economic recovery in 2025 held back by increasing uncertainty around future trade relations





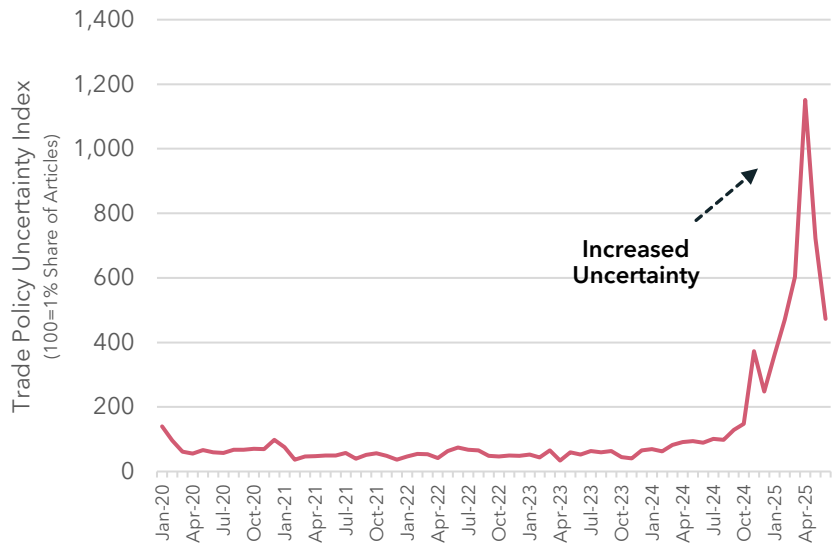
Average Effective U.S. Import Tariffs Elevated





Raised business uncertainty driven by series of policy announcements

Trade Policy Uncertainty Index



Economic Policy Uncertainty Index



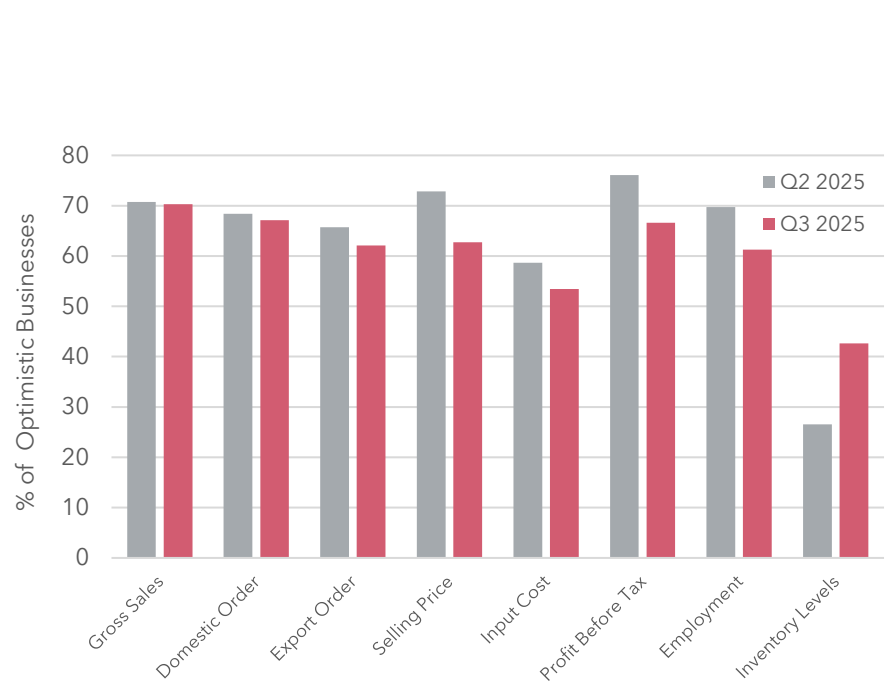


Global Business Optimism Index

% Change Q3 2025 vs. Q2 2025



Sub-Indices: Q3 2025 vs. Q2 2025

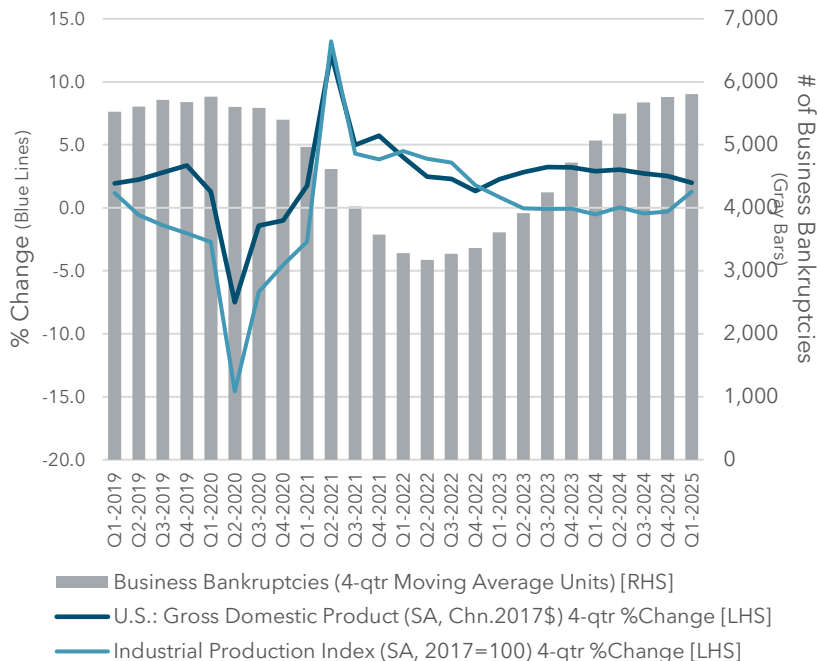




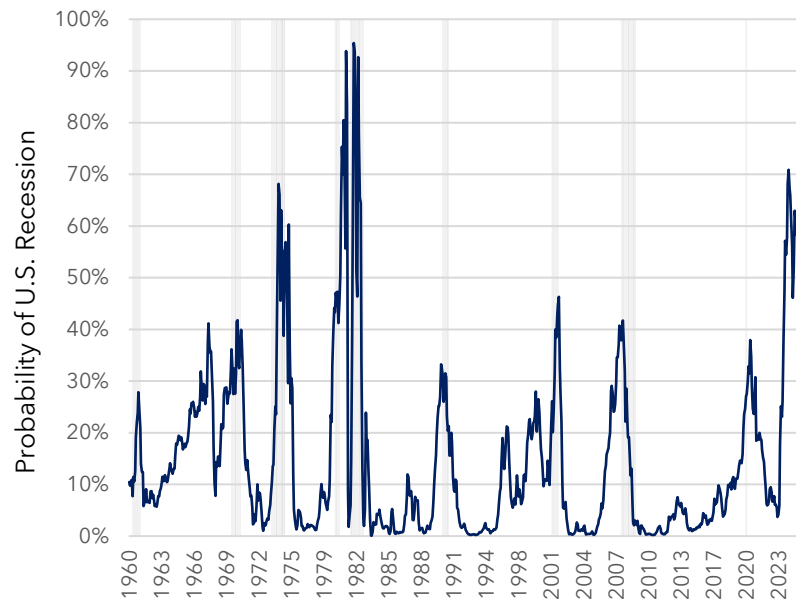
Slowing growth, rising bankruptcies; recession odds falling, as soft landing still base case



Real GDP, Industrial Production, & Business Bankruptcies



Yield Curve as Leading Indicator

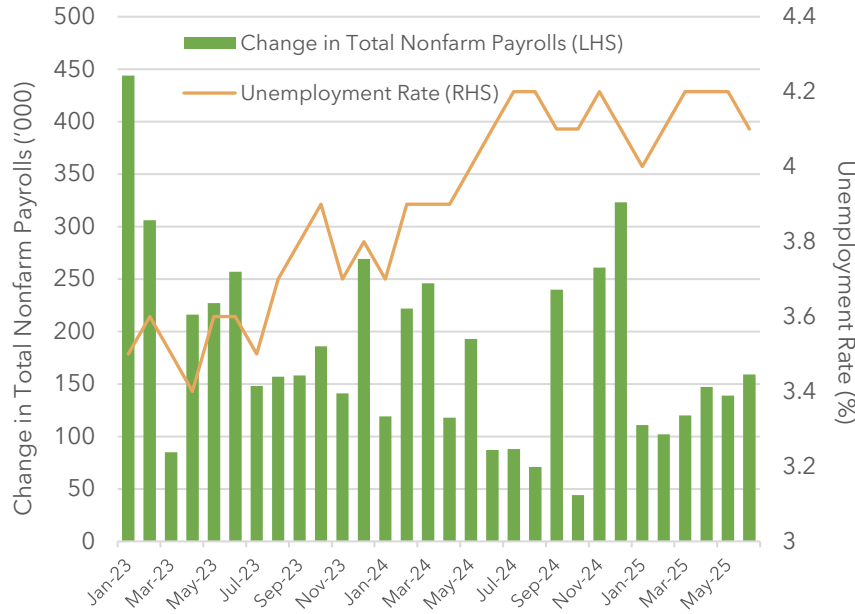


Notes: Term spread defined as difference between 10-year and 3-month US Treasury rates (blue line), Periods of recession in US (grey bars)

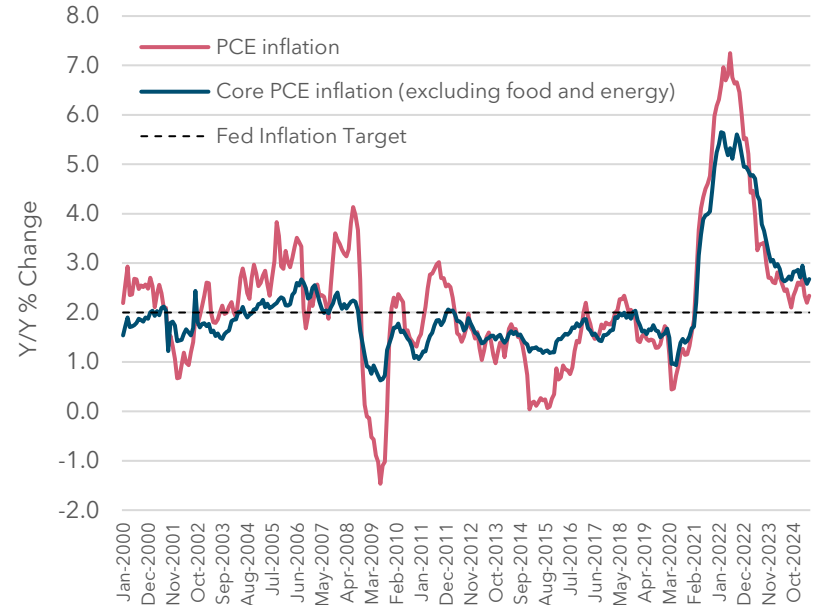


Growth and inflation uncertainty increased, but the Fed is likely to make further cuts this year

Labor Market



Inflation & Inflation Target Rates (Y/Y %)



Financial Resilience: Best Practices

What is your organization's current approach to risk management?

- (A) Proactive and data-driven
- (B) Reactive and case-by-case
- (C) In transition or being restructured
- (D) Not clearly defined
- (E) Unsure





Credit Risk Management - New Applicants

ONBOARDING

- Monitor fluctuations in credit application volume
- Adjust onboarding workflows based on application trends and risk tolerance

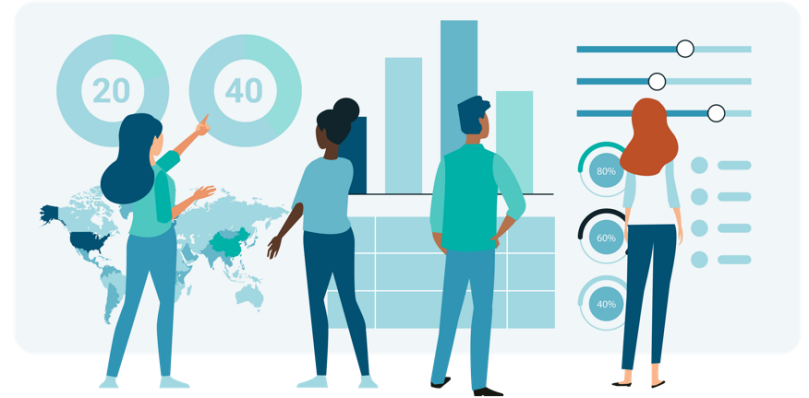




Credit Risk Management – New Applicants

RISK ASSESSMENT IN UNCERTAIN MARKETS

- Evaluate macroeconomic conditions (e.g., restaurants, Canada lumber and steel sectors)
- Assess both country-level and company-specific risks





Credit Risk Management - New Applicants

TIERED RISK SEGMENTATION

- Segment clients by risk level for targeted strategies
- Understand barriers that may impact clients' ability to meet payment obligations





Credit Risk Management - Existing Portfolio

PORTFOLIO MANAGEMENT

- Analyze connections between customers to understand ownership and risk exposure
- Identify high-risk exposure in specific regions or sectors





Credit Risk Management - Existing Portfolio

CREDIT POLICY ADJUSTMENTS

- Update policies based on country and industry risk evaluations
- Consider the impact of tariffs and evolving trade policies





Credit Risk Management - Existing Portfolio

MONITORING CREDITWORTHINESS

- Track customer payment behaviors
- Detect early warning signs of credit deterioration





Accounts Receivable Strategies

EARLY WARNING SYSTEMS FOR DELINQUENCY & INSOLVENCY

- Analyze payment trends using internal and external data
- Detect shifts in buying patterns (ex. new branches requesting credit, increase in orders)





Accounts Receivable Strategies

AUTOMATION & REAL-TIME MONITORING

- Track credit limit utilization
- Automate order release based on risk criteria
- Leverage third-party monitoring for external risk insights





Accounts Receivable Strategies

COLLECTIONS PROCESS OPTIMIZATION & DISPUTE MANAGEMENT

- Categorize disputes to uncover recurring issues and trends
- Monitor changes in dispute volume to spot emerging problems





Accounts Receivable Strategies

LOSS AVOIDANCE

- Compare margins against risk exposure
- Define parameters based on your company's risk appetite





Cash Flow Protection & Reserve Management

SCENARIO PLANNING & FORECASTING

Forecast cash flow based on customer risk profiles and expected payment timelines

LIQUIDITY BUFFERS

Assess the cost of credit for high-risk accounts to inform liquidity buffer strategies

BAD DEBT RESERVE

Adjust reserves allocations based on evolving risk profiles





2025 Tariff Status/Risk Impact

• Key Tariffs by Countries

- US From Canada
 - Eff. March 4 (postponed from Feb 4th)
 - 25% duty on imports
 - 10% on energy resources
- From Canada to US
 - Eff. March 10
 - 25% Electricity (MI, MN and NY impact)
- From Mexico
 - Eff. March 4 (postponed from Feb 4th)
 - 25% duty on imports
- From China
 - Eff. March 4
 - Tariffs raised from 10 to 20%
- Global
 - Eff. March 12
 - Steel and aluminum imports will face additional 25% tariff
(heaviest impact assumed Canada)

• Anticipated Risk Impact

- Overall Risk Impact
 - Expect delays in payment from impacted customers in tariff targeted markets
 - Canada #2 Market \$240,000,000
 - China #3 Market \$145,000,000
 - Mexico #10 Market \$ 65,000,000
 - Credit reviews will be prioritized by industry, geography and ultimate ownership over next 60 days (international companies may make intercompany sales to avoid tariff)
- Risk by Industry
 - \$600,000,000
 - Industrial (steel/aluminum)
 - Construction (lumber, steel/aluminum)
 - Manufacturing

Note: products previously covered under USMCA will not be impacted until April 2 for Canada and Mexico,

Risk Impact Examples

Geography **462 accounts \$120,000,000**

Global Ultimate Name	Country	Record Count	Total Outstanding \$
Canadian Company A	CA	30	23,107,064
Canadian Company B	CA	13	11,362,176
Chinese Company A	CN	7	6,212,855
Chinese Company B	CN	3	5,953,394
Canadian Company C	CA	21	5,096,679
Chinese Company C	CN	69	4,221,766
Canadian Company D	CA	2	3,543,995
Canadian Company E	CA	5	3,543,808
Chinese Company D	CN	4	2,667,149
Canadian Company F	CA	1	2,587,534
Chinese Company E	CN	9	2,407,693
Mexican Company A	MX	17	2,167,278
Mexican Company B	MX	3	2,043,178
Government Agency A	AU	116	2,031,189

Industry **13,703 accounts**
\$600,000,000

Global Ultimate Name	Country	Record Count	Total Outstanding \$
Example Company A	US	228	\$13,876,528
Example Company B	US	1	\$9,093,097
Example Company C	US	2	\$6,497,416
Example Company D	CA	21	\$5,096,679
Example Company E	US	5	\$4,692,881
Example Company F	US	57	\$4,343,307
Example Company G	US	1	\$4,247,716
Example Company H	US	102	\$4,169,145
Example Company I	CA	5	\$3,543,808
Example Company J	US	26	\$3,462,438
Example Company K	US	54	\$3,270,713
Example Company L	US	3	\$3,115,748
Example Company M	US	10	\$2,980,057
Example Company N	CN	4	\$2,667,149
Example Company P	US	9	\$2,632,692
Example Company Q	US	12	\$2,628,968
Example Company R	US	9	\$2,585,578
Example Company S	US	8	\$2,520,825

Which strategy will you prioritize in the next 3 months?

- (A) Re-evaluating credit policies
- (B) Enhancing receivables monitoring
- (C) Bad debt reserve reallocation
- (D) Monitoring secondary or tertiary risk





Key Takeaways

- ✔ Trust, but verify data sources
- ✔ Keep your operating policies flexible to accommodate changing patterns
- ✔ Enhance your internal reporting for more timely, effective monitoring

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Q & A

Thank You!

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