

# **Corporate Risk Evaluation**

## ***Comments from past participants***

*“Attending the Seminar has been an enriching experience for me as it provided a different perspective to corporate risk, and has helped to sharpen my credit analysis skills by thinking effectively and focusing on the hidden pitfalls in a credit evaluation.”*

– Ms. Nancy Foong Poh Yoke, PT Bank Mandiri (Persero) Tbk, Singapore.  
[Class of March 2008]

*“Besides the theoretical and applied knowledge I gained from the Seminar, what I found most refreshingly and useful was Adam's generous sharing of his wealth of experiences from his many years as a banker. For budding bankers, these practical insights are invaluable.”*

– Mr. Alvin Eng Han Wen, Monetary Authority of Singapore, Singapore.  
[Class of March 2009]

*“I have a clearer concept in my mind when doing credit evaluation after the seminar.”*

– Mr. Gary Liaw Szu Kang, Hong Leong Finance Limited, Singapore.  
[Class of March 2010]

*“I found the Corporate Risk Evaluation seminar really useful and easy to understand. There were many examples to illustrate what to look out for using simple to understand ratios. It also highlighted the importance of extracting key messages from the Financial Report. Through this awareness one can then make a judgement call on the company's current and/or future financial situation. This course is applicable to anyone who is keen in knowing a company's financial health or performance.”*

– Ms. Alice Low, Individual, Singapore.  
[Class of July 2010]

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*“The Corporate Risk Evaluation seminar provided me with the wider perspective on how bankers evaluate the financial performance and health of a company, in terms of funding.*

*From another view as an investor, I can also use the knowledge gained to study a listed company's financial ratios before investing in them. Last but not least, it also provided me another tool for decision making as an entrepreneur. Well done!”*

– Mr. Vincent Ow-yeong, Icontek & Marketing, Singapore.  
[Class of July 2010]

*“I found the Corporate Risk Evaluation seminar very interesting! With the class exercises, I managed to grasp the concepts better. In addition, Adam also highlighted certain issues that we should pay attention to while creating the spreadsheet, which I think is fantastic. After this seminar, I have gained new insights and understand the need for analyzing the figures.”*

– Ms. Ng Qi, Individual, Singapore.  
[Class of September 2010]

*“The Seminar was informative and engaging! Adam is good and very knowledgeable with ability to explain difficult concepts and with examples. The course material was very useful and highlighted the core areas of credit risk evaluation. The course is tailored exactly to the needs of any credit professional who wants to excel in this field.”*

– Mr. Tan Choon Hwa, Bangkok Bank Public Co Ltd, Singapore.  
[Class of July 2016]

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## ***Highlights***

- Evaluate non-financial information relating to and affecting the borrower
- Using various non-financial models to identify business risks
- Understand the basic types of legal structure of a business entity
- Analyse the borrower's financial statements (i.e. balance sheets, income statement and cash flow statement)
- Calculate and interpret financial ratios
- Perform trend analysis on historical financial statements over a period of time
- Use various financial models to predict corporate distress
- Identify critical risks and their mitigating factors
- Understand how a credit rating model works
- Learn how to risk rate borrowers

**Seminar Facilitator**  
**Mr. Adam K. K. Wong, B.Acc, FCPA, Certified Professional Trainer**

**Seminar Duration**  
**3 Days, 9:00am to 5:00pm**

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## Seminar Background

An intensive and practical training on corporate risk evaluation and lending risk mitigation.

Loans are the most important assets in a bank's portfolio; sound corporate risk evaluation is the key to making high-quality loans and managing credit risk. The ability to use information to mitigate credit risk can mean the difference between good loan credits and frequent restructurings and defaults.

## Seminar Content

- **Credit Process**
- **Understanding the Concept of Credit Risks**
- **Risk Evaluation Tools**
  - CAMPARI Model
  - Credit Evaluation Framework
    - Purpose
    - Amount
    - Sources of Repayment
    - Business Viability
      - Economic and Industry Factors
      - Track Record
      - Products
      - Customers
      - Strategy
      - Operational Efficiency
      - Management Assessment
  - Porter's 5 Forces
  - BCG Matrix
  - PESTLE Analysis
- **Risks of a Company in the Various Stages of Growth of a Business**
  - Understanding the Characteristics and Risks of Each Stage of Growth
  - Bank's Involvement in the Various Stages
  - Stages that Banks Avoid
- **Types of Legal Structure of a Business Entity**
  - Sole Proprietorship
  - Partnership
  - Co-operative
  - Incorporated Company
- **Selecting the Right Borrowing Entity**

- **Risks of Different Businesses**
  - Manufacture
  - Wholesale
  - Retail
  - Service
  
- **Operating Cycle and How it affects Cashflow**
  
- **Project Risk Analysis**
  - Types of Risk
  - Mitigating Factors
  
- **Quantitative Analysis**
  - General Methodology
  - Earnings Capacity Analysis
    - Profitability Indicators
    - Interest Coverage Indicators
    - Debt Services vs. Debt Capacity
  - Financial Health Analysis
    - Leverage Indicators
    - Liquidity Indicators
    - Working Capital Efficiency Indicators
    - Operating Efficiency Indicators
    - Shareholders' / Investors' Return Indicators
    - Coverage Ratios
  - Use and Limitation of Ratio Analysis
  - Limitation of Financial Statements
  - Creative Accounting
  
- **Cash Flow Analysis**
  - Sources and Application of Cash
  - Cash Flow Measures
    - EBIT
    - EBITDA
    - Operating Cash Flow
    - Net Operating Cash Flow
  - Application of Cash Flow Statements
  
- **Relationship between Various Financial Statements**
  - Profit and Loss
  - Balance Sheet
  - Cash Flow Statement

- **Financial Projections**
  - Constructing a Projected Profit and Loss Statement
  - Constructing a Projecting Cash Flows
    - Business Plan
    - Past Performance / Ratios
    - Selecting Key Variables
    - Sensitivity Analysis
    - Sensitivity Tables
  - Constructing a Projected Balance Sheet
- **SWOT Analysis**
- **Financial Distress Predictor Models**
  - Z Score
  - Fulmer Score
  - CA Score
  - Springate Score
  - A Score
- **Quantification of Credit Risks**
  - Default Probability
  - Recovery Rate
  - Credit Exposure
- **Determinants of Expected Loss**
  - Obligor Risk Rating
  - Transaction Risk Rating
- **A sample credit rating model**

## Benefits of Attendance

Upon completion of this programme, participants will:

- Know the reasons why corporations borrow
- Recognize the different types of loans
- Be able to evaluate corporate lending risk with a structured evaluation framework
- Learn to perform independent financial and non-financial analysis
- Understand the different types of ratios used for credit analysis
- Recognize industry metrics used to analyze performance and trends
- Learn to prepare financial forecasts or projections
- Understand how credit risk ratings are assigned to the individual borrowers
- Understand what is ORR and FRR

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## **Who should attend?**

Credit and financial analysts, portfolio managers, credit officers, corporate bankers, commercial bankers, risk managers and analysts.

## **Seminar Facilitator**

**Mr. Adam K. K. Wong** is a Business Domain Expert Facilitator with PI ETA Consulting Company. He is also an adjudicator of the Financial Industry Disputes Resolution Centre in Singapore.

Prior to his current appointments, he was a General Manager with Standard Chartered Bank and other international banks with 22 years of successful track record in Cash Management, eCommerce, Corporate Banking and Trade Finance and Small & Medium Enterprises.

Having strong strategic orientation and regional exposure in South East Asia and Hong Kong, he is credited with significantly growing global banks' SME assets by 450% and net profit by 140% over a 3-year period in Singapore. He also started a new cash management business for a leading bank in Asia and grew it to a USD35 billion business annually.

Mr. Wong graduated in Accountancy and is a Fellow Certified Public Accountant. He is also a Certified Credit Risk Management Professional and a Certified Professional Trainer.

Mr. Wong has contributed actively to the development and training of professionals in the financial services sector for the past 17 years by sharing his expertise regularly through The Institute of Banking and Finance, Singapore and various other organizations in Malaysia and Indonesia.

He has also conducted programmes in the area of banking and finance for Australian and local universities.

**For more information, please contact PI ETA Engagement Resource (PEER) Group at**  
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