

# **Corporate Risk Evaluation & Financial Modelling**

## ***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*

- Assess and Measure Credit Risk
- Adopt a Structured Approach to Credit Assessment
- Interpret Financial Statements to Diagnose the Business Operations and Vulnerabilities
- Setting Appropriate Loan Covenants
- Build a Risk-based Pricing Model
- Detect Financial Distress at an Early Stage
- Excel Functions and Formatting Best Practices for Financial Modelling
- Build a Fully Integrated 3-statement Model using Established Forecasting and Conventions
- Check Financial Models for Errors, Accuracy and Integrity
- Perform Sensitivity & Scenario Analysis

**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

This program seeks to equip participants with skills needed to quantitatively determine the Credit Risks, evaluate the Credit Worthiness of a borrower, draw inferences from Financial Statements together with qualitative information about the business, management, market and the economy, in order to arrive at sound lending practices.

Participants will also learn to develop financial models critical for Credit Decisioning and Loan Structuring.

## Seminar Content

- **Risk In commercial banking**
- **Assessing and Measuring Credit Risk**
  - Components of credit risk and its drivers
  - Measuring the expected loss
  - Impact of the Basel Accord on commercial banking
  - Risk based pricing
- **Structural Framework for Qualitative Credit Risks Analysis**
  - Components of a credit evaluation report
  - Purpose of loan
  - Risk analysis
    - Company background
      - Business Overview
        - Characteristics and risks of a business in the various stages of its life cycle
        - Trade cycle analysis
        - Life cycle stages that banks avoid
      - Business Model
        - Revenue & cost model
        - Role in the value chain / unique value proposition
      - Ownership structure
      - Structural subordination
    - Management analysis
      - Competencies
      - Willingness to repay
    - External environment
      - Economic environment
      - Industry characteristics
      - Porter's 5 forces
      - External impact analysis

## Seminar Content (Cont'd)

- Business analysis
  - Product
  - Buyer
  - Market Share
  - Market Strategy
  - R&D
  - Supply Labour
  - Operation Efficiency
  
- **Financial Statement Analysis**
  - Determine the reliability of borrower's financial information
    - Financial performance analysis
    - Business growth and profitability
    - Sustainability of financial performance
    - Profit & efficiency metrics
    - Operating leverage and profit impact as business volume change
    - Business efficiency and its impact on cashflow
  - Financial health analysis
    - Business growth and liquidity risks
    - Capital structure and gearing risks
    - Sustainable growth rate
    - Debt service capacity
    - Long term solvency metrics & early warning signs
  - Cashflow analysis
    - Sources and application of cash
    - Definitions of free cash flow and CFADS (cash flow available for debt service)
    - Linking cashflow to business risk
    - Sustainability of cashflow
  - Financial distress analysis
    - Correlating defaults with market information and financial models
  
- **Financial Modelling for Corporate Lending Using Excel**
  - Essential Excel functions for the three financial statement modelling
  - Financial modelling best practices
  - Organisation of the financial model
  - Modeling inputs and assumptions
    - Capex acquisition
    - Capex debt structure
    - Capital structure
    - Long term assets and depreciation schedules
    - Liabilities
    - Principal repayment and interest
    - Revenue forecasting
    - Operations forecasting

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## Seminar Content (Cont'd)

- Working capital forecasting
  - Account receivables
  - Inventories
  - Account payables
  - Accrued expenses
- Short term debt
- Modelling the income statement
- Modelling the balance sheet
  - Assets
  - Liabilities
  - Capital
  - Retained earnings
- Modelling the cash flow statement
  - Cash from operations
  - Cash from investing activities
  - Cash from financing activities
  - Financial model plug
- Modelling key financial ratios and covenants
- Model integrity checking

## Benefits of Attendance

Upon completion of this programme, participants will:

- Apply various techniques to Access the Credit Worthiness of a Borrower
- Predict Corporate Distress with Appropriate Tools
- Justify the Loan Pricing on a Risk-based Approach
- Develop Financial Models and Analyse the Forecasted Financial Results under Various Scenarios

## Who should attend?

Credit and Financial Analysts, Portfolio Managers, Credit Officers, Corporate Bankers, Commercial Bankers, Risk Managers and Analysts.

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## 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 multi-billion business annually.

Adam is a very experienced trainer who has a gift of making complicated subjects simple. He has conducted numerous workshops for banks in Singapore, Hong Kong, Shanghai, Taiwan, Bahrain, Sri Lanka, Vietnam, Indonesia, Malaysia, and Pakistan with consistently good appraisals. He is one of the few successful developers of training programmes accredited under the Institute of Banking and Finance Standards

Mr. Wong is a Fellow Chartered Accountant (Singapore) and a Fellow Certified Public Accountant (Australia). He is also a Certified Credit Risk Management professional, a Certified Professional Trainer and member of the Singapore Institute of Directors.

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