



PRESENTS

BASIC CREDIT SKILLS



Introduction

Lending or advancing credit facilities is one of the core functions of banks and financial institutions. All employees engaged in credit related jobs should possess basic knowledge about the function before or at the time of assuming such role.

Basic knowledge on credit activities would typically include understanding credit facilities and need for advancing it, types of funds and non-funds based loans/credit facilities and associated risks, structured (product-based) and standalone credit facilities, terms of credit facilities, pricing of credit facilities, financial and non-financial risk assessment, security and security documents, terms/conditions/covenants, credit administration and monitoring, key compliance requirements etc. It would be highly risky for an institution to expose someone in any credit function without fundamental knowledge on these aspects.

Course Objective

The core objective of this course is to develop basic skills of staffs of banks and financial institutions that are novice or about to assume role in any of the credit functions. Furthermore, it also intends to build foundation for enrolling in any further credit related courses.

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Course Outline

Target Participant

The course can be useful for enhancing basic knowledge of employee working in credit of banks and financial institutions.

Prerequisites

Employee with minimal 1 year of experience in credit related areas of bank and financial institution.

Total Hours 40 hours (2400 minutes)

1. Bank's Role in Mobilizing Deposits <ul style="list-style-type: none">Banks and financial institution's role in economy.Effective mobilization of deposit.Fiduciary duty towards depositors.	60 Minutes
2. Principles of Advancing Credit Facilities <ul style="list-style-type: none">Engage in a credit facility that has following characteristics: <i>Economic sense, clear and transparent purpose, viable, clear source of repayment and tangible security.</i>Avoid a credit facility that has following characteristics: <i>Informal investments, ever-greening of loan, concentration (customer or industry) of risk.</i>Be mindful of: <i>Pricing of risk, source of fund, funding maturity gap, ethical and moral values, etc.</i>	60 Minutes
3. Types of Credit Facilities and Risks <ul style="list-style-type: none">Funds based - overdraft and loans.Non-funds based - letter of credit, guarantee etc.Other facility- foreign exchange dealing.	240 Minutes
4. Retail Credit Exposure <ul style="list-style-type: none">Some key retail credit exposures - features and risks.	240 Minutes

Course Outline

Total Hours 40 hours (2400 minutes)

5. Basic Fundamentals of Product-Based (Standardized) Credit Exposure

- Credit facilities that can be managed/controlled by way of a standard product document.
- Basic criteria.
- Loan to value (LTV) ratio.
- Repayment as a percent of cash surplus.
- Equated monthly or quarterly installment (EMI, EQI etc.) for repayment.
- Pricing of risk.

240 Minutes

6. Standalone Credit Exposure

- Basic Information required to process standalone credit exposure.
- Borrowing cause and possibility of diversion of funds.
- Assessment of limits for credit facility.
- Terms of credit facility - revolving or terminating, tenure, interest rate and fees etc.
- Use of spreadsheets to analyze financial statements.
- Risk assessment - non-financial risks, financial and cash flow risks, facility structure risk, account performance risk etc.
- Terms, conditions and covenants.

660 Minutes

7. Security

- Acceptable tangible security: land, building, shares, bonds, current assets, vehicle, fixed and other assets.
- Personal guarantee, corporate guarantee and cross guarantee.
- Valuation of security: Professional valuation, in-house valuation, fair market value (FMV) and distress value (DV).
- Nature of charge: lien, pledge, registered/unregistered mortgage and hypothecation charge recorded as per Secured Transaction Registry Act.
- Pledge over shares/bonds of public limited company and government securities.

240 Minutes

8. Credit Administration and Monitoring

- Assessment of borrowing power.
- Inspection of stock and receivables.
- Insurance of stock and assets.
- Monitoring of progress of project or capital expenditure.

240 Minutes

Course Outline

Total Hours 40 hours (2400 minutes)

9. Credit Process <ul style="list-style-type: none"> • Pre-approval stage. • Post-approval stage. 	120 Minutes
10. Syndication of Loan and Credit Facilities <ul style="list-style-type: none"> • Basic concept of loan syndication. • Role of lead and participating bank. • Inter-creditor issues. 	120 Minutes
11. Compliance <ul style="list-style-type: none"> • Classification of credit and provision for loan loss. • Single obligor limit. • Credit information and blacklisting. • Interest rate. • Anti-money laundering. • Provisions related to availing loans as per Company Act. • Banking Offence and Punishment Act related provisions. 	240 Minutes

Duration : 26 Sessions

Date : 22nd January to 1st February 2018

Time : 22nd, 23rd, 24th 25th, 26th (7:00am to 10:30am), 27th (9:00am to 4:15pm), 28th, 29th (7:00am to 10:30am), 30th (9:00am to 4:15pm), 31st Jan & 1st Feb (7:00am to 10:30am) 2018

Methods : Presentations, Group Discussion, Case Studies

Venue : NBI Hall, Kathmandu.



Trainer Profile

Mr. Ajay Shrestha

Former CEO

Bank of Kathmandu Ltd.

Mr. Shrestha , a Senior Banker carries 3 decades of professional banking experience having started career journey from Standard Chartered Bank Nepal Ltd. (the then Nepal Grindlays Bank Ltd.) and moving to NMB in a senior position subsequently to Bank of Kathmandu Ltd. in the post of CEO. He has an expertise in Credit & Corporate Banking.