

# Proposal on Comprehensive Commercial Lending



### Program Background

With the rapid expansion of capacity and networks, Nepalese banks have been facing serious shortage of skilled manpower in all functional areas and more so in credit. As credit risk is by far the most dominant factor in bank failures, the importance of proper Credit Risk Management system in a bank can hardly be exaggerated. And, good Credit Risk Management always begins with making good loans. The course on 'Comprehensive Commercial Lending?' has been designed to make the Relationship Managers, Senior Relationship Managers, Branch Managers, Risk Officers/Managers and any other interested employees learn the skills of making good commercial loans.

Starting from understanding the operating cycle and cause of borrowing, the course focuses on identifying and weighing the financial and non-financial strengths and weaknesses of a business and the overall risk faced by the bank if the loan is made. Using the identified strengths and weaknesses, the participants will then learn the techniques of critically examining the projected financials on which the repayments are based. The course gives a importance to Risk Rating, its design and functions. Equally important, the participants will learn how to make presentation of the loan request in the form of Credit Memorandum (CM).

The participants, divided in groups, will be given one dummy borrower with the required details and through exercises following each classroom topic; they will be analyzing the information (financial and non-financial) to identify the strengths and weaknesses of the borrower. Based on the analysis they will be doing risk rating of the borrower and will finally learn how to make the presentation (writing the CM) of the analysis.

Beyond identification and presentation of risks, the course covers soft skills like customer calling skills; the ways of estimating the risks and values of various types of collaterals; skills of loan monitoring and identifying early warning signals and handling problem loans.

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# **Course Outline**

## Course Content and Takeaway

- Through lectures, discussions, case studies and exercises, this course aims at help participants:
- Understand how the 'Credit' of a borrower is determined.
- Develop the skill to effectively analyzing the financial statements and determine the strengths and weaknesses of the borrower.
- Learn the skill of analyzing Projected Financial Statements.
- Understand and use the non-financial components of credit.
- Appreciate the need for being critical rather than relying on information provided by the customer while analyzing credit.
- Understand the importance and functions of Credit Risk Rating.
- Learn the skill of writing logical CA.
- Learn the skills to effectively monitor the loans and detect Early Warning Signals.

## Program Duration: 28 Hours

The program will run for 4 hours a day (7 am to 11 am) on each week day except Friday. On Friday there will be a full day program for 8 hours.

### Target Audience:

SRMs, RMs, ARMs, BMs, Credit Risk Managers/Officers or anybody interested who is experienced in credit for at least a year.

Venue: NBI HALL

Date: 28th to 2nd August 2019

Time: 7:00am to 11:00am (Sunday to Thursday)

: 9:30am to 4:45Pm (Friday full day)

### Facilitator/s

Mr. Kumar Lamsal Former CEO Sanima Bank Ltd