



COMPREHENSIVE CREDIT MANAGEMENT

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 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 particular importance to Risk Rating, its design and importance. Equally important, the participants will learn how to make presentation of the loan request in the form of Credit Memorandum/Proposal.

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.

Target Audience

- ◇ **Relationship Managers, Senior Relationship Managers, Branch Managers, Risk Officers/Managers**

Program Details

Date & Time: 27th, 28th Jan & 3rd & 4th Feb 2023

27th & 3rd Feb(3:00pm– 6:15pm) & 28th & 4th Feb (8:00am - 3:15pm)

Duration: 14 sessions (21 hours)/Post training examination of 1hr will also be conducted

Venue & Location: Hotel Diyalo, Birgunj, Nepal

Target Audience: Relationship Managers/Credit Officers/Risk Officers/Branch Managers and any other staffs who are directly being involved in doing appraisal and assessment of business loans and project loans.

Course Content

SN	Content	Duration
1.	<p>Understanding the Borrowers</p> <p>A. Why do Businesses Borrow?</p> <p>Understanding Cash Flow Cycles</p> <ul style="list-style-type: none"> ◇ <i>Used of Cash</i> ◇ <i>Source of Cash</i> ◇ <i>Long term sources of Cash</i> <p>General Borrowing needs by all business</p>	3hrs (2 sessions)
2.	<p>Identifying Risk by Analyzing Business Financial Statements</p> <p>A. Identifying risk through Income Statement analysis</p> <ul style="list-style-type: none"> ◇ Income Statement Structure ◇ Sales and Cost of Goods Sold Analysis ◇ Operating Expense and Net Profit Analysis ◇ Other Income and Expense Analysis ◇ Exercise on income statement analysis <p>B. How to analyze Balance Sheet</p> <ul style="list-style-type: none"> ◇ Asset Analysis ◇ Liabilities and Equity Analysis ◇ Concept of Tangible Net Worth ◇ Exercise on balance sheet analysis <p>C. Interpreting Ratios</p> <ul style="list-style-type: none"> ◇ Ratio Analysis Considerations ◇ Ratio Characteristics ◇ Types of Ratios ◇ Exercise on interpretation of ratios <p>D. Cash Flow Analysis & Determining repayment capacity</p> <ul style="list-style-type: none"> ◇ Why Bankers Focus on Cash Flow ◇ Sources and Uses of Cash ◇ Statement of Cash Flows- Indirect Method ◇ Exercise on cash flow analysis 	3hrs (2 sessions)

Course Content

SN	Content	Duration
	E. Analyzing Projected Financial Statements <ul style="list-style-type: none"> ◇ Interpreting Projected Financial Statements ◇ Considerations for Constructing/Reviewing Projections ◇ Case study on projected financial statements analysis 	3hrs (2 sessions)
3.	Qualitative Risk Analysis and Determining Credit Risk Rating	3hrs (2 sessions)
	A. Commercial Lending Process <ul style="list-style-type: none"> ◇ The Commercial Lending Process ◇ Making Good Commercial Loans ◇ The Five C's of Credit 	
	Examination	1hr
	Total Sessions	14
	Total Duration	21hrs

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Facilitators' Profile

Mr. Sudeep Khanal, Former Assistant CEO



Mr. Khanal retired on his own from NIC Asia Bank as Assistant CEO. He is a senior Chartered Accountant (ICAI), and Certified Information System Auditor (CISA, USA) by profession, and also holds the Master Degree in Business Administration (E-MBA) from KU.

He has experience of about two decades comprising of a year in heading Internal Audit Function of Soaltee Group, few years year in Rastriya Banijya Bank (during the financial reform period of the Bank) as Deputy Head of Internal Audit Department, Compliance Officer and Head of Internal Audit Department, more than a decade in Nepal SBI Bank as Head of Internal Audit and Compliance Department, Branch Manager and Regional Manager, and few years in NIC Asia Bank as Chief Corporate Banking Officer, Chief Support Officer and Assistant CEO-Support Service Ecosystem. Recently, he has restarted his Chartered Accountancy practice. Thus, he has long experience in business, support and control verticals of Banking industry.

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