



PRESENTS

## CREDIT RISK MANAGEMENT AT BRANCH LEVEL



### **Background**

It is imperative for the banks to have a robust risk framework to manage all the risk associated with it and the management of credit risk begins at the origination itself. Managing the credit risk exposure within the framework of risk management (identification, measurement, monitoring and control) is of utmost importance for minimizing the losses arising out of the risks associated with credit.

Considering this, the course has been designed to provide the participants an understanding of Credit Risk Management at the Branch level.

### **Program Details:**

Date & Time: 26th (2:30pm-6:30pm) & 27th (8:30am-3:45pm) Jan 2024  
Program Duration: 9 Hrs (6 sessions)

Target Audience: BMS, RMS, ARMS  
Venue: Nepalgunj, Hotel Kalptaru

# Program Contents

## Program Takeaway:

- Be able to extract required information from various sources to make credit judgment.
- Be able to identify and measures the credit by evaluation of financial as well non- financial information.
- Understand internal credit rating mechanism and be able to rate the credit appropriately.
- Understand different ways of monitoring credit risk.
- Be able to sense early warning signals to effectively monitor the credit risk.
- Understand and be able to control credit risk by applying various methods.

## Topic A

### Introduction

- Credit and Credit Risk
- Forms of Credit Risk
- Components of Credit Risk
- Credit Risk and Expected and Unexpected Losses
- Basics of Credit Risk Management
- Various Sources of Credit Risk
- Individual Credit Risk
- Portfolio Credit Risk

### Identification of Credit Risks

- Why information is the key?
- Sources of Information and their reliability
- How to extract correct information?
- Identification of Credit Risk through Analysis of Financial Statement

### Identification of Credit Risks (Contd....)

- Identification of Credit Risks through Analysis of Non-financial Information
- Analysis of projections
- Validation of assumptions and projections
- How to determine the projections are realistic

### Measurement of Risk

- Why Measure the risk?
- Proper credit risk rating/scoring
- Explanation for the given rating
- Quantification of Risk through PD, LGD and EAD

# Program Contents

## Topic B

### Monitoring of Credit Risks

- Why monitoring is important?
  - ⇒ Monitoring as a risk identification tool
- Pre-operation monitoring
- Monitoring during currency of loan
  - ⇒ By obtaining periodical reports and statements and analyzing
  - ⇒ By visiting business site
  - ⇒ By analyzing internally available information (Account monitoring, audit/ inspection report, irregularity report)
  - ⇒ Frequent customer contact and call report
  - ⇒ By annual review of risk rating

### Monitoring of Credit Risks (contd...)

- Detecting Early Warning Signals (EWS)
- Understanding Financial EWS
- Non-financial EWS
- Formulation and execution of Credit Strategy

### Control of Credit Risks

- Compliance with Policies, Appetite, Limits and Authority
- Objective credit analysis and reporting
- Proper Pricing based on Risk
- Proper Loan Structuring
- Applying Covenants based on financial and non-financial risks
- Proper documentation

### Controlling Credit Risk (Contd. )

- Operation Risk Control in Credit Handling
- Timely Provisioning
- Formulation & execution of strategies in response to EWS.
- Collateral and Recovery
- Other Control Measures
  - ⇒ Down Payment/Debt Equity
  - ⇒ Credit Guarantee
  - ⇒ Adjustment of drawing power/ Review account strategy
  - ⇒ Audit and response to comments
  - ⇒ Insurance

***\*\*Post Training Assessment of one hour shall be conducted at the end of the program. Participants scoring 60% and above shall be receiving Certificate of Completion, while the rest of the participants shall receive certificate of participation.***

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## Facilitator's 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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