



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: 2nd-5th March 2022, (7am-10:15am)

Program Duration: 12 Hrs (8 sessions)

Target Audience: BMS, RMS, ARMS

Venue: NBI Hall

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 (Mr. Pushpa Raj Bhandari)

Session 1:

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

Session 2:

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

Session 3:

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

Session 4:

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 (Mr. Sudeep Khanal)

Session - 5:

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

Session 6:

Monitoring of Credit Risks (contd...)

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

Session - 7:

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

Session : 8

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

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Facilitator's Profile

Mr Puspa Raj Bhandari
Former Chief Business Officer, Bank of Kathmandu

Mr. Bhandari has more than 25 years of experiences in Banking Sector. Previously he was associated with Bank of Kathmandu as Chief Business Officer. Prior to this he was the Chief Executive Officer of Birgunj Finance Ltd. for 7 years. He started his career from Nepal Rastra Bank and worked for 6 years in different department. He also worked in Nepal SBI Bank for 8 years in multiple depart as a Department head, Branch Manager, & Assistant Manager. Mr. Bhandari was also a representative of Forex and Treasury Department while in NSBI Bank where he attended various meetings of the FEDAN (Foreign Exchange Dealers Association of Nepal). He was also a part of the Consortium Financing Committee.

Mr. Sudeep Khanal
CA and Former Banker



Mr. Sudeep Khanal recently retired on his own from NIC Asia Bank as Assistant CEO. He is a Chartered Accountant (ICAI, ICAN), 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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