



FUNDAMENTALS OF CREDIT AND CREDIT APPRAISAL SKILL (INTERMEDIARY LEVEL)



Background

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.

Program Details:

Date: 1st -10th August 2022

Time: 7:00am - 10:15am

Duration: 18 sessions / 27 hours

Venue: NBI Hall, Naxal

Program Details

| Topic & Session | Coverage |
|---|---|
| 1. Overview of Credit (1 session) | <ul style="list-style-type: none"> • Meaning, Objective & Importance of Credit • Credit Cycle Framework • Principles of Credit (5 Cs of lending) • Insight on impact of credit decisions |
| 2. Types of Credit Facilities (1 session) | <ul style="list-style-type: none"> • Fund Based – Overdraft and other loans • Non- Fund Based - LC , Guarantee • SME Loans • Commercial Loans • Corporate Loans |
| 3. Basics of Financial Statement Analysis (5 sessions) | <ul style="list-style-type: none"> • Basic Accounting and tax aspects of bankers • Ascertaining correctness and authenticity of Financial Statements • Balance Sheet analysis • Income statement Analysis • Ratio Analysis • Cash Flow Analysis |
| 4. Projection Analysis (1 session) | <ul style="list-style-type: none"> • Purpose • Projection Analysis |
| 5. Retail Credit Products (2 session) | <ul style="list-style-type: none"> • Retail Loan Products, its analysis and Due Diligence <ol style="list-style-type: none"> 1. Unsecured - Credit Card /Personal Loan 2. Secured - Auto / Home/ Share/ Gold • Margin Lending/ Loan & its associated risks |
| 6. Business, Industry and Market Risk Assessment (2 sessions) | <ul style="list-style-type: none"> • Management Risks with case study |

Program Details

| Topic & Session | Coverage |
|---|---|
| 7. Security (2 sessions) | <ul style="list-style-type: none"> • Acceptable tangible security: land, building, shares, bonds, current assets, vehicle, fixed and other assets. <ol style="list-style-type: none"> 1. Personal guarantee, corporate guarantee and cross guarantee. 2. Affecting Collateral acceptability/Value of security 3. Valuation of security: Professional valuation, in-house valuation, fair market value (FMV) and distress value (DV). 4. Nature of charge: lien, pledge, registered/unregistered mortgage and hypothecation charge recorded as per Secured Transaction Registry Act. 5. Pledge over shares/bonds of public limited company and government securities. |
| 8. Loan Monitoring & Risk Minimization (1 session) | <p>Assessment of borrowing power.</p> <p>Inspection of stock and receivables.</p> <p>Insurance of stock and assets.</p> <p>Early Warning Signals</p> |
| 9. NPA Management (1 session) | <p>Monitoring of progress of project or capital expenditure</p> |
| 10. NRB directives regarding lending- Brief overview (1 session) | <ul style="list-style-type: none"> • Loan Classification & Provisioning • Credit information and Blacklisting. • Interest rate. • Single Obligor Limit • Sectoral Limit • Priority/Deprive Sector • Credit Facility to Shareholders • Credit Facility to Directors and Employees |
| 11. Compliance (1 session) | <ul style="list-style-type: none"> • Anti-money laundering. • Provisions related to availing loans as per Company Act. • Banking Offence and Punishment Act related provision • ESRM Awareness |
| 12. Multiple Choice Questions (MCQ) (1 session) | |
| Total 18 sessions (27hrs) | |
| <p><i>**Certification of completion shall be provided to participants scoring 60% or above in the assessment (MCQ). The rest of the participants shall receive certificate of participation</i></p> | |

Facilitators' Profile



1. Mr. Sudeep Khanal, Former Assistant CEO

Mr. Sudeep Khanal recently retired on his own from NIC Asia Bank as Assistant CEO.

Mr. Khanal is a Chartered Accountant (ICAI, ICAN), and Certified Information System Auditor (CISA, USA) by profession, and also holds the Masters Degree in

Business Administration (E-MBA) from KU. He has post qualification experience of about two decades comprising of one year in heading Internal Audit Function of Soaltee Group, 2 years in Rastriya Banijya Bank (during the financial reform period of the Bank) as 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 about two 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 about two decades of experience in management of business, risks and operations of Banking industry.

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

Mr. Pushpa Raj Bhandari has been associated in Nepalese Banking Industry from last 32 years in different institutions in different capacities starting from Nepal Rastra Bank. He has recently been relieved from active banking career from Bank of Kathmandu where he was working as Chief Business Officer. He is, nowadays, actively engaged in teaching as a part time faculty for MBA students at Apex College. Mr. Bhandari has been associated with National Banking Institute also as a regular faculty in various banking operations and credit services.