



## WORKING CAPITAL ASSESSMENT AS PER NEPAL RASTRA BANK GUIDELINES



### **Background**

National Banking Institute (NBI) is pleased to present a one day program on Working Capital Assessment as per NRB Guidelines facilitated by the industry expert practitioner along with the regulator.

Working capital loans are a vital source of financing for businesses to meet their day-to-day operational needs. Loan is an asset to any financial institution. A bank normally maintains more than 60% of its loan portfolio under working capital. That is why it is very much necessary to ensure that a working capital loan does not become bad as it is normally not secured by other collateral security. These types of loans are secured by current assets and that are in the possession of the borrower themselves.

The recent draft guidelines issued by NRB on working capital also explains the need for making the working capital lending more transparent and effective on its purpose and utilization.

### Program Details

**Date & Time: 9th Feb, 2024 (9.00am- 4.15pm)**

**Duration: 4 sessions (6 hours)**

**Venue & Location: NBI Hall, Naxal**

**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 Outline

## Program Takeaways

- To be able to explain the key concepts related to working capital loans, such as understanding the operating cycle and cash flow cycle, the causes and needs for borrowing, sources of payment for working capital loans, and structuring working capital loans.
- Highlights the importance of working capital loans for businesses and the role of regulators in monitoring the activities of banks and financial institutions to maintain financial stability.
- A case study on working capital loan structuring and projection to provide practical insights into the topic

**Program Delivery Method:** Slide Presentation, Discussion, Case Studies, Q & A

## Program Content:

| Sessions  | Content  | Trainer   |
|-----------|--|---|
| Session 1 | <b>Projections and Structuring of Working Capital Loans</b><br>1. Understanding Operating Cycle and Cash Flow Cycle<br>2. Borrowing Cause vs. Borrowing Need<br>3. Borrowing Caused by Sales Growth <ul style="list-style-type: none"><li>• Long Term Sales Growth</li><li>• Short Term Sales Growth</li></ul> | <b>Mr. Pushpa Raj Bhandari</b><br><b>Former Chief Business Officer,</b><br><b>Bank of Kathmandu</b> |
| Session 2 | 4. Borrowing Caused by Declining Efficiency of WC accounts<br>5. Sources of Payment of WC Loans<br>6. Structuring Working Capital Loans<br>7. Case Study on Working Capital Loan Structuring and Projection (covering seasonal, permanent and fluctuating WC)  |   |

## Course Outline

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|---|--|---|
| <b>Session 3</b>                                  | <b>Supervisory Perspective on Working Capital Loan</b> | <b>Executive from<br/>Nepal Rastra Bank</b> |
| <b>Session 4<br/>Contin.</b>                      | <b>Supervisory Perspective on Working Capital Loan</b> |   |
| <b>Wrap up with certificate and photo session</b> |  |   |

### **Facilitator's Profile:**

- **Mr. Pushpa Raj Bhandari**  
Former Chief Business Officer, Bank of Kathmandu
  - **Executive from Nepal Rastra Bank**
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