

Credit Operations and Management (COM)

Full Marks: 100

Module A: Introduction of Loans and Advances

- Credit / Loans and Advances, Type of Borrowers and Loans & Advances, Customer-Banker Relationship, Loan/Credit facility Application Process. Credit Planning, Policy and Procedures, Credit Cycle (Investigation to Exit out), Features of a Good Credit Policy, Features of a centralized credit model and Branch Based Banking Model- Differences, Pros and cons of the models, Qualities of a Good borrower, Features of a Good credit proposal.
- Features of Consumer credit, CMSME financing and Agricultural credit, Corporate Finance, Refinancing Scheme, Funded and Non-funded Commitment, Trade financing, Offshore Financing, Syndicated Financing, Project Financing.

Module B: Principles of Sound Lending and Credit Process & Investigation

- Principles of Sound Lending, Client Induction and Selection, Five Cs/Five Rs/CAMPARI etc.
- Importance of Understanding of Borrower's Business and its operations, Loan Interviewing, Justification of financing requirements, Importance of Site visit of Borrower and collateral, Sources of Investigation, CIB Analysis, Credit Rating of Borrowers from ECAIs, Identifying the credit risk and its mitigations, valuation of security and its procedure.
- Analysis of Financial statements and Financial Ratios.
- Internal Credit Risk Rating System (ICRRS) - Concept and Techniques- Quantitative and Qualitative Criterion of Rating.
- Single Borrower Exposure, Loan Pricing and Risk Premium, Loan Structuring, Industry analysis, Analysis of Priority and Discourage sectors.

Module C: Term Loan and Working Capital Financing

- Appraisal of Term Lending Cases: Technical Aspect, Marketing Aspect, Organizational Aspect, Financial Aspect, Economic Aspect and Social & Environmental Aspect - Cost of the Project and Means of Financing - Capital Structure and WACC - Capital Budgeting Techniques: Payback Period, ARR, NPV, Internal Rate of Return (IRR), Sensitivity Analysis etc.
- Cost-Volume-Profit (CVP) Analysis - Margin of Safety and Break-Even Point Analysis - Graphical and Arithmetical Approach.
- Concept of Working Capital, Working Capital Assessment - Components of WC Requirements and Operating Cycle – Assessment Techniques as per Bangladesh Bank Circular and Allowable Bank Financing Limit.

Module D : Credit Risk Management

- Bangladesh Bank Guidelines and Regulations for CRM, Quantitative and Qualitative Analysis, Symmetric and Asymmetric Information analysis, Management Actions Triggers, Risk Matrix, Decision Making, Covenants and Conditions, Loan Sanctioning.

Module E : Credit Documentation and Administration

- Primary Security, Collateral Security, Basic Charge Documents, Personal Guarantee and Corporate Guarantee, Single and Joint Insurance coverage and Policy-Importance and Impacts of defective coverage.
- Methods Creation of Charges on Securities - Pledge, Hypothecation, Lien, Mortgage, Assignment and Set Off, Further Charge, Second Charge and Pari-Passu Charge - Negative Lien.
- Documents and Documentation - Charge and Mortgage Documents - Impact of Defective Documents, Legal Aspects of Security and Documentation.

Module F: Supervision and Follow-up of Loans and NPL Management

- Supervision, Follow-up and Monitoring Techniques of Loans, Monitoring borrower's account, security, stocks, Periodical Inspection, Uses of Loan Fund, Ensuring timely repayment of loans.
- Identifying Non-Performing Loans, Causes and Management, Early Alert Process, Exit strategy, Basis for loan classification, Interest suspense and base for provision.
- Classification and Provisioning of Loans as per Bangladesh Bank Circulars - Rescheduling and Restructuring of Classified Loans and write off.
- Call back procedures of Loans, Steps for recovery against different type of securities.
- Recovery Strategies of Loans: Legal and Non-legal Aspects - Legal Aspects Relating to Filling of Suits, Process and Procedures for filling of Law Suits and execution of decrees, Types of Law suits for recovery.
- Process and Procedures of Written off for defaulted loans and its recovery strategy.

Module G : Leasing and Hire Purchase

- Financing Against Lease Forms of Lease Financing – Economics of Leasing-Financing against Hire Purchase Agreements – Relative Merits of Leasing Finance and Hire Purchase Finance from Customer's and Lending Bank's Point of View

References:

1. Bedi, H.L. and V.K. Hardikar. Practical Banking Advances. Institute of Banking Studies, India.
2. Bangladesh Bank: Guidelines and Circulars.
3. Chowdhury, L.R. A Handbook on Advances, New Paradise Printers, Dhaka.
4. Morsman, Jr. Edgar M. Commercial Loan Portfolio Management, Robert Morris Associates, U.S.A.
5. Matin, M.A. Credit Operations and Risk Management in Commercial Banks, Intimate. Publications, Dhaka
6. Krishnaswamy K.M, Cases in Operations Management
7. Mahapatra P.B, Operations Management
8. R. Ray Gehani , Management of Technology and Operations
9. John O. McClain, L. Joseph Thomas Joseph B. Mazzola, Operations Management
10. Bimal Jaiswal, Banking Operations Management