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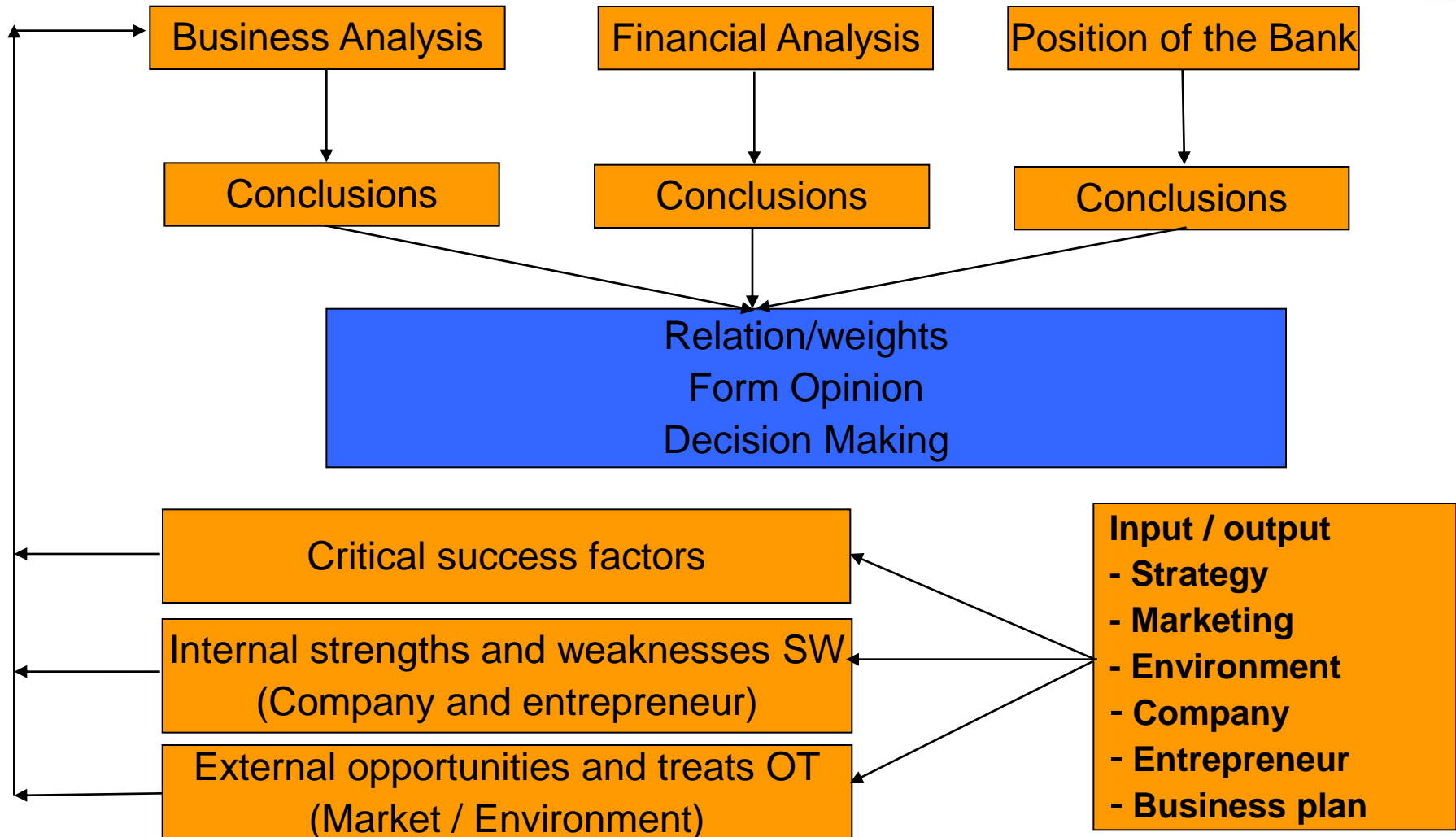
# Meeting Managers BPR

Organizing the crediting process

# Model of material risk monitoring



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# Teamwork



Making a good application is teamwork

- Discussion Commercial and credit officer
- Discuss a case with your colleague
- Everyone involved need to focus on preventing risk
- Everyone has to take his responsibility

# Steps in the crediting process



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- Preparing a visit
- Business analyses
- Financial statement analyses
- Collateral analyses
- Loan structuring



# Importance of a well structured lending process

- Efficiency
- Improving the workflow when the process is transparent
- Reduced risks

## Reasons for delays of the final decision

- Delay in receiving Credit Committee approval
- Client does not sent the necessary information
- Lengthy legal and collateral registration process
- Delay receiving information of clients to fulfil conditions of disbursement

# Sources for commercial officers to perform credit analyses



- Internal information
- Customer
- Documentation
- Site Visit
- External checking

# Process of approval



- Credit Committee
- Loan is rejected
- Approval loan





# Disbursement

- Conditions for disbursement
- Collateral registration
- Planning process of Monitoring



# Role of the commercial officer

- Relationship between BPR and the client
- Marketing expert
- Guard of reputation of BPR
- Stimulating promotion by mouth to mouth



# Lending as an art and a science

- Credit decision based on complete information
- Understanding motivation and character of the customer
- Obtain the facts of the loan request
- Analyzing the information to tell the real story
- Preparing cash flow and calculate repayment capacity

# Minimum of information



- Loan amount requested
- Loan use
- Information on the borrower

# Analyze the risks on the 3 M's



- Management
- Money
- Market



## Some criteria for the potential borrower

- Does he have the right skills for this business
- Does he have the right personality and commitment
- Dependence on owner's draw and household income sources

## To know about the investment plan

- Is there need for more working capital
- How long is the cash cycle
- How realistic are the growth projections
- Is this the right amount of financing
- Can he manage a larger cash flow when receiving a larger loan?
- Can the business pay principal and interest

# Importance of repeat loans

- Retain the clients when they grow
- Process for the second loan is more efficient
- Commercial officer has already a relation and knows the business
- Client is obviously satisfied and is ready for mouth to mouth promotion





# Loan structuring

- Right amount of money is lent
- For the right amount of time
- With the right repayment frequency
- Under the right circumstances

# Keys to built a good loan structure



- Loan amount and repayment capacity
- Repayment structure
- Disbursement and other conditions



## 5 key questions to determine the repayment capacity

- Are cashflow and costs verified and reasonable?
- Are the costs for producing, delivering and service over- or underestimated?
- How long is the operating cash cycle?
- Does the experience of the borrower fit the loan amount, terms and project?
- Is the borrowers contribution sufficient, accurate and verified?

# Credit Committee

- Discussion of the loan between managers with different experience
- Preparation is very important
- Filing reduces risk and improves efficiency
- Max time of the meeting is 2 hours
- Decision based on commitment

# Five reasons for monitoring

- Let the customer know that BPR is taking an interest in their business
- To catch any potential problem
- Document gained information to built up a file
- Finding new clients through current clients
- To built a relationship with the client: Know your market and know your customer