



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2023_1 POP EXAMINATION.**

COURSE TITLE: BANK LENDING AND LOAN ADMINISTRATION

COURSE CODE: BFN 405

TIME: TWO AND HALF HOURS

INSTRUCTION: Question ONE is compulsory carry 30 marks and answer any other TWO questions carry 20 marks each.

Question ONE

- a. Banks cannot be operated effectively and efficiently without internal laws, regulations and procedures for transacting banking business, hence the need for operating policies. State these operational areas upon which the policies are formulated.
- b. There are some basic principles to follow by the commercial banks when considering the establishment of lending policies for their operations, explain them. **(30 marks)**

Question TWO

- a. Interview of personal interaction between the loan officer and the applicant for loan facility is considered necessary in lending procedure, mention five benefits the loan interview meant to achieve?
- b. State five issues that are considered relevant in evaluating the initial loan request by the banks. **(20 marks)**

Question THREE

- a. Mention and explain five considerations for credit analysis in loan request.
- b. State five rights of banks in case of default from loan repayment banks. **(20 marks)**

Question FOUR

- a. Mention the meaning of indirect financing of Agricultural loans, giving examples of some of the agricultural assets.
- b. Effective risk management became a major managerial function to the banks in eliminating or reducing financial hazards associated with defaults and bad debts. Discuss five of the responsibilities that the bank takes in trying to minimize credit risks. **(20 marks)**