



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF MANAGEMENT SCIENCES  
DEPARTMENT OF FINANCIAL STUDIES  
2023\_2 EXAMINATIONS**

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**COURSE TITLE: BANK LENDING AND LOAN ADMINISTRATION**

**COURSE CODE: BFN 405**

**TIME: TWO HOURS**

**INSTRUCTION:** Question ONE is compulsory 30marks and answer any other Two questions 20marks each

**Question ONE**

- a. The basic principles of banking lending, which do influence the policies on bank loans and advances that are normally granted to deserving customers of the banks is amongst the financial activities rendered by the banks, state and discuss these basic principles that commercial banks consider when establishing these lending policies.
  - b. Organizations cannot be operated effectively and efficiently without internal laws, regulations and policies for transacting banking. Mention the banks' operational areas where these policies are being formulated.
- (30 marks)

**Question TWO**

- a. A loan facility is to be granted by the bank to its customer either on the request of the customer or the banks' approach to the customer only when certain considerations are being taken. Enumerate these considerations.
  - b. An interview is considered relevant with the applicant by the loan officers as a pre-requisite to granting a loan facility by the bank. What does the interview set to assess?
- (20 marks)

**Question THREE**

- a. The decision to proceed with preparing the loan agreement is made possible after a successful evaluation of the loan request by bank officials. State and explain the requirements of a loan agreement.
- b. It became necessary for the banks to install effective management system on the lending and credit administration. State the reasons for this action (20 marks)

**Question FOUR**

- a. Though the operational policies of the branch banks do differ from those of the unit banks, but they all have some benefits of site visitation to the business premises of a customer seeking loan facility by the bank officials. Discuss them.
- b. Enumerate the necessary considerations for evaluation of loan application as a critical procedure to lending the facility by the banks. (20 marks)