

# WOMEN'S UNIVERSITY IN AFRICA



*Addressing gender disparity and fostering equity in University Education*

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**FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES**

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**BSc HONOURS DEGREE IN MANAGEMENT AND ENTREPRENEURIAL  
SCIENCE SPECIALISING IN BANKING AND FINANCE**

**MAIN PAPER**

**BMF 312: BANK LENDING AND CREDIT RISK MANAGEMENT**

**INTAKE 24: THIRD YEAR FIRST SEMESTER**

**TIME: 2 HOURS MORNING**

**INSTRUCTIONS TO CANDIDATES**

Answer any **three** questions.

**Question 1**

Discuss the importance of a sound credit risk strategy in a commercial bank. [25]

**Question 2**

Banks receive a lot of credit proposals but most of them are declined. Evaluate the characteristics of good credit proposals. [25]

**Question 3**

There are various models and techniques which one can use to analyse the environment within which the customer operates. The most commonly used ones are Michael Porters five forces Model and SWOT Analysis. Explain how the SWOT Analysis works in relation to lending. [25]

**Question 4**

There are certain essential characteristics of collateral on which the bank can place great reliance. Explain the key characteristics of good collateral. [25]

**Question 5**

Examine the importance of loan tracking and monitoring in credit risk management. [25]

**Question 6**

Explain the following types of risks in relation to banking business:

- a. Operational risk [5]
- b. Counterparty risk [5]
- c. Concentration risk [5]
- d. Recovery risk [5]
- e. Issuer risk [5]

**END**