



# ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: SOCIAL & MANAGEMENT SCIENCES  
DEPARTMENT: ACCOUNTING & FINANCE  
SECOND SEMESTER EXAMINATIONS 2018/2019 ACADEMIC SESSION  
COURSE CODE: BFN 404  
COURSE TITLE: BANK LENDING & CREDIT ADMINISTRATION  
DURATION: 2hours and 30 minutes

**INSTRUCTION:** Attempt any four (4) questions

## Question 1

- i. Financial intermediation is quite different from bank lending. Elucidate. (5 marks)
  - ii. Robustly discuss varying ways bank loans can be classified. (5 marks)
  - iii. Bank lending is guided by some basic principles. Succinctly express your views in this regard. (5 marks)
- (Total 15 Marks)**

## Question 2

- (a) Commercial Banks in the Nigerian Banking sector have continued to experience adverse effects of non- performing loans. Some persons have attributed this occurrence to poor credit risk management. As part of measures to ameliorate this, bank loan officers are strictly advised to stick to the criteria for evaluating banking lending. What do you think are the criteria for banking lending and the possible constraints to bank lending in the banking industry? (7.5 marks)
  - (b) The reasons for incessant occurrence of non- performing loans have been advanced by numerous researchers in both developed and developing countries. It has continued to assume worrisome dimensions. Against this backdrop, clearly enumerate and discuss the causal factors necessitating the occurrence of non- performing loans in the banking sector with references to the Nigerian banking industry (7.5 marks)
- (Total 15 Marks)**

## Question 3

- i. The main types of loans extended by banks to their credit worthy customers can be grouped into three. Robustly discuss these three groups (5 marks).
- ii. Bank lending no doubt is guided by bank lending policies. Quite often, bank lending policies are taken as indicators of loan management and administration. What are the steps involve in bank lending policies in the banking sector? (5 marks).
- iii. The Branch Manager of Wema Bank Plc, Owo Branch, Ondo State recently sought the assistance of final year Students of the Department of Accounting and Finance, Elizade University, Ilara- Mokin to come up with a seminar paper on the procedures for loan monitoring and factors militating against loan administration in the Nigerian banking sector slated to be presented on July 5<sup>th</sup> 2019 at the Wema Bank Plc Branch, Ilara- Mokin by 10:00 am prompt. As a follow up on this,

you are required to discuss the procedure for loan monitoring and the factors militating against successful loan administration in the Nigerian banking sector (5 marks)

(Total 15 Marks)

**Question 4**

Security and legal documentation are a sine qua non to bank lending and loan administration.

The case of **Haligate Vs. Holgate** (1947) classified securities in bank lending into three.

Succinctly elucidate these three classifications

(15 marks)

**Question 5**

When a prospective Borrower approaches a Bank for Loan or Advances, the Bank Loan Officer is always guided in his lending decisions. As a matter of fact, there are principles of good bank lending known as cannons of lending he must adhere to. In attempt to obey these principles, the bank Loan Officer must follow some basic steps and by asking some pertinent questions. Identify and robustly discuss some of the questions expected to be asked by the bank loan officer in this regard.

(15 marks)