NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2025_1 EXAMINATION

COURSE CODE: BFN405 CREDIT UNIT: 2
COURSE TITLE: BANK LENDING AND LOAN ADMINISTRATION
TIME ALLOWED: 2 HOURS
Instructions:

1. **Attempt question number one (1) and any other two (2).**
2. **Question number 1 is compulsory and carries 30 marks while the other 2 questions carry 20 marks each.**
3. **Present all your points in coherent and orderly manner.**

THEORY QUESTIONS

Question ONE

a. State and explain the necessary considerations for Considerations in conducting initial evaluation of loan request as a critical procedure to lending the facility by the banks.
b. Which are the areas identified by banks for policy formation?

Question TWO

a. In order to institute effective management of loans and credits to sustain a balance between funds recovered from the loans and demands of the depositors, the commercial banks are obliged to institute appropriate measures that would ensure the administration of the loans and credits. Discuss the five of the modalities.

b. What are the benefits/advantages of site visit on a loan facility that has been granted?

Question THREE

a. In addition to the use of financial ratios to assess the credit worthiness for a loan facility request, the banks employ the use of a technique called CAMPARI, explain the technique in detail.
b. Explain the areas where banks' policies are set to monitor and review customer account

Question FOUR

a. Define a term loan
b. Mention the characteristics of a term loan