



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

BACHELOR OF COMMERCE HONOURS DEGREE IN BANKING AND FINANCE

BANK LENDING AND CREDIT RISK MANAGEMENT

HBAF 408

PART 4 SEMESTER 2 EXAMINATION

TOTAL MARKS [100]

DATE: OCTOBER 2024

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. Discuss the significance of any five key factors that banks consider when evaluating a loan application. (25 Marks)
2. Compare and contrast any five different approaches to credit risk modelling. (25 marks)
3. Discuss the importance of creditworthiness evaluation in bank lending citing the methods banks use to evaluate. (25 marks)
4. Analyse the role of credit risk management in bank mergers and acquisitions citing key considerations. (25 marks)
5. Examine the key considerations when structuring a loan giving relevant examples. (25 marks)
6. a) Discuss any three the challenges and opportunities of lending to small and medium-sized enterprises (SMEs). (15 marks)
b) What strategies can banks use to effectively lend to SMEs? (10 marks)

END OF PAPER