

**UGANDA MARTYRS UNIVERSITY
NKOZI/LUBAGA CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT**

DEPARTMENT OF MICROFINANCE

SEMESTER TWO 2018/19

BAMF I NKOZI

COURSE UNIT: CREDIT APPRAISAL AND MONITORING

DATE: 6TH MAY 2019

Time allowed: 3hours

Instructions to Candidates:

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Answer **any four** questions, all questions carry equal marks

QUESTION ONE

- (a) Credit appraisal is due diligence process usually the third stage in the loan process. Discuss the 5 stages of the loan appraisal process. (10 Marks)
- (b) In your view, who are the key players in the loan appraisal process? (5 Marks)
- (c) What are the causes of poor loan appraisal? (10 Marks)

QUESTION TWO

- Credit appraisal is very critical for a loan's success and is therefore compulsory for any financial institution that deals in lending money. In your view discuss the advantages an institution enjoys when credit appraisal is effectively carried out. (15 Marks)
- (b) If you go for an interview of Loans Officer in Centenary Bank and the best candidate is one who convinces the panel with the challenges of credit appraisal. Prove that you are the best candidate for the post. (10 Marks)

QUESTION THREE

- a) Using the knowledge you have acquired in this course what is the importance of people and MIS in Loan monitoring. (15 Marks)
- (b) Explain the factors that influence the choice of collateral. (10 Marks)

QUESTION FOUR

- (a) Just like any industry, Microfinance business has different stakeholders. Who is a stakeholder and who are the different stakeholders in MFI business? (5 Marks)
- (b) There are 2 credit appraisal methodologies namely CAMPARI and the 5 Cs. With examples discuss the above methodologies in detail. (20 Marks)

QUESTION FIVE

- a) During Loan Monitoring, different people have different roles and responsibilities. Explain the roles and responsibilities of the Board, Management, Credit staff, Clients in Loan Monitoring. (20 Marks)
- (b) Define loan Monitoring. (5 Marks)

QUESTION SIX

- (a) Explain any 3 indicators that will show you that a loan portfolio has problems. (10 Marks)
- (b) Elaborate on the different ways of solving a problematic loan portfolio. (15 Marks)

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