



Code	Subject Title	Cr. Hrs	Semester
BBA-301	Credit Management	3	V
Year	Discipline		
3	Business Administration		

CREDIT MANAGEMENT

- Introduction to Credit Function.
- Commercial Credit - History, Components, Type and sources.
- Role of Credit Department.
- Credit Policy formulation & discrimination.
- Collection Policy appraisal
- Working Capital Management
- Capital Budgeting
- Bank Credit - types and sources
- Appraisal of Credit proposals and preparation of CLP, Assessment by risk factor.
- Analysis of Credit Information - financial and non-financial factors, Financial Statement analysis.
- Determination of Collateral securities
- Models off creating changes on securities Commercial Vs Bank Credit





Attempt this Paper on this Question Sheet only.

OBJECTIVE TYPE

Q 1. Chose the correct answer.

(10x1=10Marks)

1. The very first purpose of bank's credit strategy is to determine _____.
A. Risk appetite
B. Risk transferring
C. Risk sharing
D. Risk management
2. BIS stand for _____.
A. Bank for industrial settlement
B. Bank for international settlement
C. Bank for internal security
D. Bank for international system
3. Assessment of credit worthiness of individual, corporation or country is _____.
A. Credit strategy
B. Credit rating
C. Credit policy
D. Credit risk
4. Credit information bureau (CIB) was established by SBP in _____.
A. 1990
B. 1991
C. 1992
D. 1993
5. Off- balance sheet exposures are finances which are _____.
A. Equity based
B. Fund based
C. Non-fund based
D. All of the above
6. Bailment of goods as security for payment of debt is _____.
A. Mortgage
B. Pledge
C. Hypothecation
D. Both A & B
7. Mortgage by deposit of title deeds is _____.
A. Registered mortgage
B. Equitable mortgage
C. Unregistered mortgage
D. None of the above
8. A mean of settling debt in international trade is _____.
A. Documentary credit
B. Letter of guarantee
C. Bill of exchange
D. Both A & C
9. Risk that potential customer obligations will become actual obligations is _____.
A. Contingent
B. Non-fund based
C. Off balance sheet exposure
D. All of these
10. Right of creditor to retain debtor property until full payment is _____.
A. Security
B. Guarantee
C. Lien
D. None of the above



UNIVERSITY OF THE PUNJAB

Fifth Semester 2017
Examination: B.S. 4 Years Programme

Roll No.

PAPER: Credit Management
Course Code: BBA-301

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.
SUBJECTIVE TYPE

Q 2. Answer the following short questions: (2+2+2+2+2+2+2+2+2+2=20Marks)

- 1) What is credit worthiness report? (2)
- 2) What is the difference between registered and equitable mortgage? (2)
- 3) Define credit management (2)
- 4) What is back to back credit? (2)
- 5) What is third party guarantee? (2)
- 6) What you know about CAMELS approach of credit? (2)
- 7) What is problem loan management process? (2)
- 8) What is credit policy? (2)
- 9) What is working capital management? (2)
- 10) What is define credit risk management? (2)

Q 3. Long Questions:

(10*3= 30 marks)

- Briefly explain the role & functions of the Credit Department of a Bank.
- What kind of credits are available, what are its sources & types explain in your own words.
- Considering the risk factors discuss the preparation of CLP & its importance to protect Bank's interest.





UNIVERSITY OF THE PUNJAB

Roll No.

Fifth Semester 2018
Examination: B.S. 4 Years Programme

PAPER: Credit Management
Course Code: BBA-301

TIME ALLOWED: 30 mins.
MAX. MARKS: 10

Attempt this Paper on this Question Sheet only.

OBJECTIVE TYPE

1. Credit risk management an important issue in
 - A. Partnership
 - B. Sole proprietorship
 - C. Banking
 - D. None of the above
2. Loan insurance many years ago, and the insurance paradigm will now directly lead us to the first central building block
 - A. Cash risk management
 - B. Credit risk management
 - C. Liquidity risk management
 - D. None of the above
3. To insure the loss potentially arising from the engagement by means of some credit risk management instrument
 - A. Cash derivatives
 - B. Loss derivatives
 - C. Credit derivatives
 - D. None of the above
4. In the bank's credit department a senior analyst has the difficult job to decide if the loan will be given to the
 - A. to the customer
 - B. if the credit request will be rejected
 - C. A and B both
 - D. None of the above
5. Risk premium for every loan and collecting these risk premiums in an internal bank account
 - A. Unexpected loss provision
 - B. Expected loss reserve
 - C. A and B both
 - D. None of the above
6. A capital cushion for covering losses arising from defaulted loans.
 - A. Unexpected loss provision
 - B. Expected loss reserve
 - C. A and B both
 - D. None of the above
7. Ratings describe the
 - A. Credit worthiness of customers
 - B. Cash worthiness of customers
 - C. A and B both
 - D. None of the above
8. The credit analysts have to consider drivers of the firm's economic future:
 - A. Future earnings and Cash flows
 - B. Capital structure
 - C. Liquidity of Assets
 - D. None of the above
9. Credit Information Bureau was established in
 - A. 1990
 - B. 1991
 - C. 1993
 - D. 1994
10. Bailment of goods as security for payment of debt is called
 - A. Mortgage
 - B. Pledge
 - C. Hypothecation
 - D. Both A and B



UNIVERSITY OF THE PUNJAB

Fifth Semester 2018

Examination: B.S. 4 Years Programme

Roll No.

PAPER: Credit Management
Course Code: BBA-301

TIME ALLOWED: 2 hrs. & 30 mins.
MAX. MARKS: 50

Attempt this Paper on Separate Answer Sheet provided.

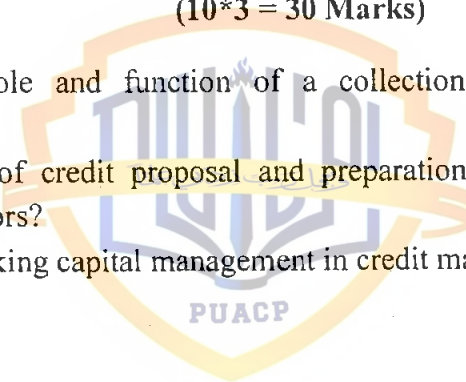
SUBJECTIVE TYPE

Q.2 Answer the following questions: (2+2+2+2+2+2+2+2+2+2 = 20 Marks)

1. What is credit policy?
2. What is third part guarantee?
3. What are the margin requirements?
4. What is collateral?
5. What is commercial credit?
6. What is rating?
7. What is net working capital?
8. What are the attributes of credit worthiness?
9. What is capital budgeting?
10. What is defining default premium?

Q.3 Long Questions: (10*3 = 30 Marks)

- Briefly explain the role and function of a collection policy appraisal in credit management?
- Explain the appraisal of credit proposal and preparation of CLP and also make an assessment by risk factors?
- What is the role of working capital management in credit management? Briefly explain?





UNIVERSITY OF THE PUNJAB

Fifth Semester – 2019

Examination: B.S. 4 Years Program

Roll No. in Fig. :.....

Roll No. in Words.

PAPER: Credit Management

MAX. TIME: 15 Min.

Course Code: BBA-301 Part-I (Compulsory)

MAX. MARKS: 10

Signature of Supdt.:

Attempt this Paper on this Question Sheet only.

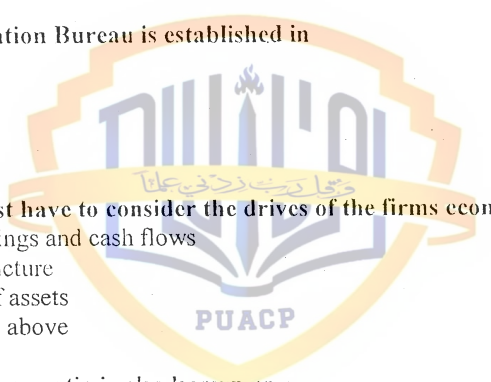
Please encircle the correct option. Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Q.1. Encircle the right answer, cutting and overwriting is not allowed. (1x10=10)

- 1) Bailment of goods as security for payment of debt is called.
 - A) Mortgage
 - B) Pledge
 - C) Hypothecation
 - D) Both A and B
- 2) Credit risk management an important issue in
 - A) Partnership
 - B) Sole proprietorship
 - C) Banking
 - D) None of the above
- 3) The net present value of a capital budgeting project is
 - A) The present value of the expected future cash flows divided by the initial cash outflow
 - B) The difference between the present value of the expected future cash flows and the initial cash outflow
 - C) The initial cash outflow divided by the average of expected future cash inflows
 - D) The initial cash outflow divided by the present value of the expected future cash flows
- 4) When working capital management is discussed, _____ and _____ tend to be thought of as forms of spontaneous financing.
 - A) Short-term debt, cash
 - B) Accounts payable, short-term debt
 - C) Accruals, cash
 - D) Accounts accruals
- 5) For a given maturity, which of the following securities has the lowest return
 - A) Commercial paper
 - B) Negotiable certificates of deposit
 - C) Treasury bills
 - D) Eurodollar deposits

P.T.O.

- 6) The basic rationale for extending credit is to
- A) Reduce bad-debt losses
 - B) Increase sales
 - C) Increase the firm's investments in receivables
 - D) Reduce collection costs
- 7) In capital budgeting, the hurdle rate is
- A) The minimum rate of return acceptable to the firm
 - B) Essentially the same as the prime rate
 - C) The cost of equity, since it is higher than the cost of debt
 - D) The internal rate of return on a project
- 8) Credit information Bureau is established in
- A) 1990
 - B) 1991
 - C) 1993
 - D) 1994
- 9) A credit analyst have to consider the drives of the firms economic future
- A) Future earnings and cash flows
 - B) Capital Structure
 - C) Liquidity of assets
 - D) None of the above
- 10) Capital adequacy ratio is also known as
- E) Capital to risk asset ratio
 - F) Capital risk premium
 - G) Capital Budgeting
 - H) CAMEL
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UNIVERSITY OF THE PUNJAB

Fifth Semester – 2019

Examination: B.S. 4 Years Program

Roll No.

PAPER: Credit Management

Course Code: BBA-301 Part – II

MAX. TIME: 2 Hrs. 45 Min.

MAX. MARKS: 50

ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Give short answers to the following questions.

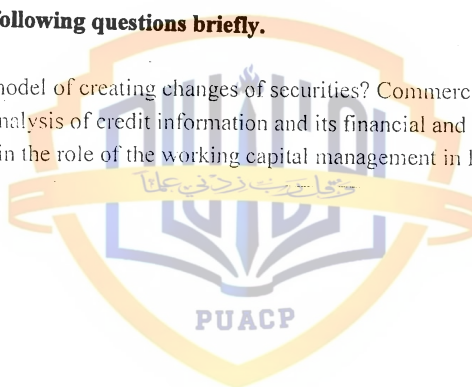
(10x2=20)

1. What is credit Policy?
2. What is appraisal of credit proposal?
3. What are collateral securities?
4. What is collection policy appraisal?
5. What are the margin requirements?
6. What is collection policy?
7. What is commercial credit?
8. What is defining default premium?
9. What is credit management?
10. What is function of credit department?

Q.3. Answers all the following questions briefly.

(3x10=30)

- Explain the model of creating changes of securities? Commercial VS Bank credit?
- Explain the analysis of credit information and its financial and non financial factors?
- Briefly explain the role of the working capital management in light of credit management?





UNIVERSITY OF THE PUNJAB

B.S. 4 Years Program : Fifth Semester – 2020

Paper: Credit Management

Course Code: BBA-301

Part – I (Compulsory)

Time: 15Min. Marks: 10

Roll No. in Fig.

Roll No. in Words.

Attempt this Paper on this Question Sheet only.

Division of marks is given in front of each question.

This Paper will be collected back after expiry of time limit mentioned above.

Signature of Supdt.:

Q.1. Encircle the right answer cutting and overwriting is not allowed. (10x1=10)

1. Credit Information Bureau was established in
 - A. 1991
 - B. 1992
 - C. 1993
 - D. 1994
2. In the bank's credit department a senior analyst has the difficult job to decide if the loan will be given to the
 - A. to the customer
 - B. if the credit request will be rejected
 - C. A and B both
 - D. None of the above
3. Credit management
 - A. Aims to minimize the bad debts
 - B. Aims minimize the cost of financing
 - C. Prompt payment of money due from debtors
 - D. All of the above
4. Risk premium for every loan and collecting these risk premiums in an internal bank account
 - B. Unexpected loss provision
 - B. Expected loss reserve
 - C. A and B both
 - D. None of the above
5. Credit management is an important tool used by finance managers. Credit management means
 - A. Managing the cash of the organization for the operational activities
 - B. To lend money to the borrower for more than a year
 - C. Granting money on credit basis while considering all the terms on which it is being granted
 - D. Managing the credit system
6. Credit risk management an important issue in
 - A. Partnership
 - B. Sole proprietorship
 - C. Banking
 - D. None of the above
7. Ratings describe the
 - A. Credit worthiness of customers
 - B. Cash worthiness of customers
 - C. A and B both
 - D. None of the above
8. The credit analysts have to consider drivers of the firm's economic future:
 - A. Future earnings and Cash flows
 - B. Capital structure
 - C. Liquidity of Assets
 - D. None of the above
9. The Depository Financial Institution include all of the following EXCEPT
 - A. Commercial bank
 - B. Saving bank
 - C. Investment bank
 - D. Credit Union
10. Managers try to do their best while managing credit system of entity. Poor management of credit system can lead to
 - A. Embezzlement of cash in a department
 - B. Loosing the valuable customers
 - C. High labour turnover
 - D. Delayed conversion of sales to cash



ATTEMPT THIS (SUBJECTIVE) ON THE SEPARATE ANSWER SHEET PROVIDED

Q.2. Give short answers of the following:

(10x2=20)

1. What is credit management?
2. What is a collateral security?
3. What is the default?
4. What is credit worthiness report?
5. What is third party guarantee?
6. What do you know about CAMELS approach of credit?
7. What are problems in loan management process?
8. What is the credit policy?
9. What is capital budgeting?
10. What are sources of bank credit?

Q.3. Answers the following questions.

(3x10=30)

- Briefly explain the credit policy formulation and discrimination in credit management?
- Explain the models of creating changes on securities commercial Vs. bank credit?
- What is the role of credit department in credit management? Briefly explain?





Q.1. Give short answers of the following:

(10x3=30)

1. What is bank credit?
2. What is credit information?
3. What are collateral securities?
4. What is appraisal of credit proposal?
5. What is capital budgeting?
6. What is rating?
7. What is the third party guarantee?
8. What is defining default premium?
9. What is a financial statement?
10. What is home mortgage loan?

Q.2. Answers the following questions.

(3x10=30)

1. Define the credit and explain in detail the role of credit in an economy?
2. Explain the different risks a lender faces while extending different type of credit?
3. Define the credit management and Explain the role and function of credit department?

