



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**UNIVERSITY VILLAGE, JABI- ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**

**JANUARY 2018 EXAMINATIONS**

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**Course Code:** BFN 405

**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 carry 20 marks each.
  3. Present all your points in coherent and orderly manner.
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1. Mention and explain briefly any 6 (six) objectives of lending and credit administration in Nigeria? **(30 marks)**
2. a) Mention and explain 7 (seven) considerations for credit analysis in loan request? **(14 marks)**  
  
b) Enumerate 6 (six) principal components of a loan agreement? **(6 marks)**
3. a) Write a short note and state the formula for any 6 (six) of the financial ratios for customer credit analysis? **(12 marks)**  
  
b) Itemize 8 (eight) factors a bank would take into consideration in deciding customers' loan limit **(8 marks)**
4. a) Mention the 10 (ten) motives responsible for loan monitoring and supervision in Nigeria? **(10 marks)**  
  
b) What are the 5 (five) major uses to which term loans are secured by business entities? **(10 marks)**
5. a) Explain the nature of bond as a form of investment by the banks? **(10 marks)**  
  
b) What is a mortgage loan? **(10 marks)**