



kasneb

CCP PART III SECTION 6

CORPORATE LENDING

FRIDAY: 24 May 2019.

Time Allowed: 3 hours.

Answer ALL questions. Marks allocated to each question are shown at the end of the question.

QUESTION ONE

- (a) Examine three covenant clauses in a loan facility agreement. (6 marks)
- (b) Discuss four methods of lease rent restructuring. (8 marks)
- (c) With reference to prudential guidelines, describe six types of information considered during annual review of bank's credit portfolio. (6 marks)

(Total: 20 marks)

QUESTION TWO

- (a) Analyse the six steps of preparing of cash flow statement using the direct method. (6 marks)
- (b) With reference to Henry Mintzberg's management theory (1987), describe the 5Ps of strategy. (10 marks)
- (c) Explain four factors that have contributed to the rapid growth in non governmental organisations (NGOs) in your country. (4 marks)

(Total: 20 marks)

QUESTION THREE

- (a) With reference to credit reporting:
 - (i) Enumerate five guidelines governing reciprocity principles. (4 marks)
 - (ii) Examine four consumer rights and data protection. (4 marks)
- (b) Summarise five features of an effective credit monitoring system. (5 marks)
- (c) Evaluate three ways through which a lender could perfect a security interest. (6 marks)

(Total: 20 marks)

QUESTION FOUR

- (a) In relation to monitoring and control of lending and credit reporting mechanisms:
 - (i) Outline four roles played by credit reference bureaus (CRBs) in your country. (4 marks)
 - (ii) Discuss three types of customer information that should be shared by CRBs. (6 marks)
- (b) Explain 5C's of credit assessment. (10 marks)

(Total: 20 marks)

QUESTION FIVE

- (a) Explain four types of assessments undertaken by a credit officer in the underwriting stage of lending. (4 marks)
- (b) Differentiate between the following terms as used in corporate lending:
 - (i) "Exposure at default" and "loss given default". (4 marks)
 - (ii) "Negative credit report" and "positive credit report". (4 marks)
- (c) Enumerate four methods that a credit analyst could use to estimate the probability of default of a loan facility. (4 marks)
- (d) Examine four symptoms of overtrading. (4 marks)

(Total: 20 marks)

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