



DCM LEVEL II
CREDIT MANAGEMENT

MONDAY: 21 May 2018.

Time Allowed: 3 hours.

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

QUESTION ONE

- (a) Explain five types of information contained in a credit card statement. (10 marks)
- (b) Identify four features of table banking. (4 marks)
- (c) Highlight six developmental objectives of microfinance institutions (MFIs). (6 marks)
- (Total: 20 marks)**

QUESTION TWO

- (a) Explain the following types of bank products:
- (i) Overdraft facility. (2 marks)
- (ii) Syndicated loans. (2 marks)
- (iii) Revolving lines of credit. (2 marks)
- (iv) Commercial mortgage. (2 marks)
- (b) Describe three costs that a lending institution could consider when pricing a loan. (6 marks)
- (c) Discuss three factors a credit manager should consider when preparing a credit policy. (6 marks)
- (Total: 20 marks)**

QUESTION THREE

- (a) Outline six attributes of an effective small and medium enterprise (SME) lending officer. (6 marks)
- (b) In accordance with the credit reference bureau (CRB) regulations, explain six activities that a licensed bureau could engage. (6 marks)
- (c) Analyse four factors that could have contributed to the rapid growth of credit rating in your country. (8 marks)
- (Total: 20 marks)**

QUESTION FOUR

- (a) The loan policy and loan agreements are the foundation for maintaining sound asset quality because they describe the organisations risk tolerance level.

With reference to the above statement:

- (i) Outline ten elements that the loan policy should clearly address. (10 marks)
- (ii) Appraise five items that are formalised by the loan agreement. (5 marks)
- (b) Highlight five key players involved in the credit card business. (5 marks)
- (Total: 20 marks)**

QUESTION FIVE

- (a) With reference to a co-operative society, explain the “five C’s” of credit analysis. (10 marks)
- (b) Explain the following lease terms as used in credit management:
 - (i) Casualty value. (2 marks)
 - (ii) Guaranteed residual value. (2 marks)
 - (iii) Lease line. (2 marks)
- (c) List four advantages of a hire purchase agreement. (4 marks)

(Total: 20 marks)

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