



Time Allowed: 3 Hours

Maximum Marks: 100

Lending: Products, Operations and Risk Management

Date: December 11, 2019

JAIBP (Stage-II)

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the question paper, the examiners take into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll No. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

All the questions from Section B are compulsory.

(55 Marks)

Q1.

- A. Define Small Enterprise (SE) and Medium Enterprise (ME) as per the criteria developed by the SBP, with respect to both manufacturing, service and trading sectors. **(04 Marks)**
- B. What are the per party limits that a single SE and ME (each) can avail from all banks/ DFIs, as per the SBP's Prudential Regulations? **(02 Marks)**

Q2.

- A. What are the basic components of Loan Pricing? **(03 Marks)**
- B. Explain the concept of Relationship Yield Pricing with an example. **(02 Marks)**

Q3.

- A. What is Credit Scoring? **(02 Marks)**
- B. Discuss the benefits of Credit Scoring. (Any five) **(05 Marks)**

Q4.

- A. Write short notes on the following common types of securities accepted by banks for lending. **(04 Marks)**
 - Pledge
 - Hypothecation
- B. Differentiate between Equitable Mortgage and Registered Mortgage. **(05 Marks)**

Q5.

The securities offered against lending must be critically assessed before extending a secured credit. What are the major attributes of a Good Tangible Security? Briefly discuss any three with examples. **(06 Marks)**

Q6.

Define Guarantee as per Contract Act, 1872. Discuss the essential features of a Guarantee. (Any five) **(07 Marks)**



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Q7.

- A.** Suppose, you are the Credit Manager at a bank, discuss briefly Credit Facility Reports commonly used by banks to identify and mitigate the risk. (Any four) **(04 Marks)**
- B.** Discuss the essential points to be considered by a banker while assessing the creditworthiness of a prospective borrower. (Any three) **(06 Marks)**

Q8. What is Internal Risk Rating? Discuss the importance of Internal Risk Rating. **(05 Marks)**

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