Fin725 MIDTERM 2016

1. Substantial and procedural errors and its causes? And how they adversely effects on credit/loan?
2. Suppose ASD Bank Limited has received a loan application from ABC Company Limited. The company has presented land as collateral for the loan of Rs. 4 Million; Bank has a sound credit risk management and internal rating system that helps in effective risk management. Being a student of credit risk management, discuss the important factors which the bank should consider before approval of the loan.
3. Discuss what a credit score is and how it helps the banks in the mitigation of credit risk.
4. Being a student of credit and risk management, discuss the important factors which the bank should consider before approval of the loan of any customer?