



**CCP INTERMEDIATE LEVEL**

**PILOT PAPER**

**CREDIT GOVERNANCE AND COMPLIANCE**

**December 2021.**

**Time Allowed: 3 hours.**

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

**QUESTION ONE**

- (a) Explain four main objectives of banking institutions regulations. (8 marks)
  - (b) Suggest six common red-flags that suggests that a loan policy need to be reviewed. (6 marks)
  - (c) Analyse three main responsibilities of lending institutions board risk management committee. (6 marks)
- (Total: 20 marks)**

**QUESTION TWO**

- (a) With reference to non-deposit taking Sacco regulations 2020, highlight six administrative sanctions that can be taken against the Sacco and its officers by the Regulatory Authority. (6 marks)
  - (b) (i) Explain the term “Greenfield micro finance”. (2 marks)  
(ii) Discuss three stages of new institution creation under greenfield micro finance model. (6 marks)
  - (c) Highlight three main features of Islamic banking. (6 marks)
- (Total: 20 marks)**

**QUESTION THREE**

- (a) Discuss five roles of board audit committee. (5 marks)
  - (b) Examine five basic ethical principles in banking industry. (10 marks)
  - (c) Analyse five shortcomings addressed by Basel III. (5 marks)
- (Total: 20 marks)**

**QUESTION FOUR**

- (a) (i) Explain the internal rating-based model of credit risk measurement. (3 marks)  
(ii) Outline three main elements of internal rating-based approach. (3 marks)
  - (b) Discuss three main objectives of good governance in cooperative societies. (6 marks)
  - (c) Highlight four components of a credit policy. (8 marks)
- (Total: 20 marks)**

**QUESTION FIVE**

- (a) Analyse five responsibilities of microfinance institutions independent board of directors. (10 marks)
  - (b) Propose four common parameters of credit sensitive transactions. (4 marks)
  - (c) Summarise three characteristics of an efficient credit policy. (6 marks)
- (Total: 20 marks)**

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