



**MAKERERE UNIVERSITY BUSINESS SCHOOL
IMPROVING ON THE LOAN PORTFOLIO PERFORMANCE IN ORIENT BANK
LIMITED**

BY

ADONG NAOME

2011/HD10/4530U

Email:naosadong@gmail.com

Tel: 0776895079/0701895079

SUPERVISED BY

DR. ISAAC NEWTONKAYONGO

**A RESEARCH REPORT SUBMITTED TO MAKERERE UNIVERSITY BUSINESS
SCHOOL IN PARTIAL FULFILMENT OF THE REQUIREMENTFOR THE AWARD
OF MASTER OF BANKING AND INVESTMENT OF
MAKERERE UNIVERSITY
PLAN B**

NOVEMBER, 2014

ABSTRACT

Lending is the principal business activity for most commercial bank that has attracted a lot of investment in the banking sector across the globe. However, the lending activity has suffered significant losses and drop in profit due to continued economic slowdown, leading to poor portfolio performances which continue to prevail among financial institutions in Uganda. There has been less attention given to address the effect of portfolio performance, Hence the need for the study with the aim of improving loan portfolio performance with reference to Orient Bank Limited. Emphasis was put on the bank's lending process, assessment of the banks loan portfolio performance and the measures adopted to improve loan portfolio performance.

The study used cross sectional and descriptive research design. The population of the study was 62 employees from which 59 employees were selected to constitute the sample size. The selection was based on Krejcie and Morgan (1970). Sampling method applied was simple random sampling to pick employees from each branch. The data for study consisted of primary data which was collected from the bank using questionnaire and analyzed using SPSS version to derive descriptive statistics. Later presented in form of tables to draw conclusion and meaning out of the data presented.

The findings revealed that the bank has the best lending process and procedures with mean values of 4.51 and standard deviation .458. The loan portfolio performance is poor as mean figures of the performance is 3.52 and standard deviation is .654. While measures adopted to improve the bank's portfolio performance is good since it scored a mean value of 4.51 and standard deviation of .385. The bank needs to improve on its loan portfolio performance by evaluating on lending process/procedures and adopt appropriate techniques to improve on portfolio quality and performance.