

Diploma in Islamic Banking Examination, May-2023

Part :II Subject Code:201

Subject Name: Investment Management

Full Marks: 100 Pass Marks: 45

Time: 3 Hours

(N.B.: Answer **any 5 (five)** of the following questions. The figures in the right margin indicate full marks.)

- 1 a. What is the importance of investment schemes of Islamic banks in the economic development of Bangladesh? 7
- b. “Investment mechanisms in Islamic banks are more efficient than those of conventional banks” explain in details. 6
- c. How can an investment perspective plan help a bank to achieve its vision? 7
- 2 a. What parameters do you think to take into consideration to evaluate a prospective investment client? 8
- b. Discuss the most important activity of investment in Recovery considering the prevailing scenario of banking industry of Bangladesh. 6
- c. Describe the issues of consideration for enhancement of investment limit. 6
- 3 a. What do you mean by Investment Risk Management? What are its impacts on bank’s liquidity, profitability and productivity? 7
- b. Why risk management is necessary for client selection, valuation of securities, documentation and investment administration. 7
- c. What is Investment Pricing? What are the components of investment pricing? Explain with an example. 6
- 4 a. What are the main components of Working Capital? What factors are to be considered for determining working capital requirement of a manufacturing unit? 6
- b. How the working capital requirement of a project is estimated? Following is the cost statement of a company: 14

Element of Cost	Amount Per Unit (Tk.)
Raw Materials Cost	50
Direct Labor Cost	20
Overhead Cost	40
Total Cost	110
Profit	30
Selling Price	140

Other Information:

- i) Average Raw materials in stock for 01 (one) month.
- ii) Average Raw materials in process for ½ (half) month.
- iii) Stock of finished goods for 1 (one) month (30 days).
- iv) 20% of sales are on cash
- v) Expected cash balance Tk.10,000/-
- vi) Credit allowed to debtor for 02 (two) months.
- vii) Credit allowed to creditor for 45 days.
- viii) Time lag in payment of wages for 15 days
- ix) Time lag in payment of overhead for 01(one) month

You are required to prepare a statement showing the working capital requirement if level of activity is at 70,000 units.

- 5 a. Define Ratio Analysis. 5
 b. Describe the objective of using ratio analysis by various parties concerned. 7
 c. Calculate Profit and Loss Sharing Ratio considering expected RR of 9% with adjustment period of 06 months. From the following data: 8

Description	Amount
Bank Investment	Tk.20,00,000/-
Client's Equity	Tk.10,00,000/-
Estimated Profit	Tk.400,000/-

- 6 a. Describe the main feature of Post Import Facility (PIF) and Forced PIF of Bangladesh Bank. 8
 b. Describe the stimulus package and refinance of BB & evaluate its importance in facilitating the businesses affected by COVID-19. 6
 c. What are the main reasons behind the recent increase in US Dollar rate and what impact it had on the price of commodities? 6
 7 a. What factors would you take into consideration in selecting a good investment client? Explain. 7
 b. Discuss the merits and demerits of consumer investment from the view point of banks. 5
 c. What are the differences between Primary Security and Collateral Security? 4
 d. What is Large Investment? What are the regulations for allowing large investment? Write in brief. 4

- 8 Write short notes on **any 05 (five)** of the following: 5×4 = 20
- | | |
|---------------------------------------|--|
| a. Project Appraisal | e. IRR vs NPV |
| b. Start up Fund | f. Stress Testing |
| c. Compromise Amount and Down payment | g. Discounted Payback Period |
| d. Creation of Charge and Mortgage | h. Pari-Passu Charge and Second Charge |

Diploma in Islamic Banking Examination, May-2023

Part : II Subject Code: 202
Subject Name: International Trade and Finance
Full Marks: 100 Pass Marks: 45
Time: 3 Hours

(N.B.: Answer **any 5 (five)** of the following questions. The figures in the right margin indicate full marks.)

- 1 a) Define International Trade. International Trade is associated with national economy- state your opinion. 5
 b) Discuss the features of International Trade in the light of Islamic Sharia'h. 5
 c) Define Balance of Trade. Discuss its features with reference to the country perspective. 5
 d) Define Balance of Payment & mention its salient characteristics. Define Current Account & Capital Account. 5
- 2 a) Describe International Financial Market mentioning its instruments. 6
 b) What are the main areas of International Trade? 3
 c) What is Import? Describe the general procedures of importing goods in Bangladesh. 7
 d) What are the Local and Foreign regulations of foreign exchange business? 4
- 3 a) What is Dealing Room? Describe the functions of the dealing room in detail. 10
 b) What are the roles of dealing room to boost foreign exchange business of a bank? 4
 c) Describe the functions and responsibilities of Treasury Front Office as per Bangladesh Bank Foreign Exchange Risk Management Guidelines. 6
- 4 Discuss following foreign trade financing modes under Islamic Sharia'h along with its applicability and disbursement procedures: 4x5=20
 i) Bai-Salam ii) Bai-as-Sarf
 iii) Murabaha Import Bills (MIB) iv) Murabaha Post Import (MPI)
- a) What do you mean by UPAS L/C? Narrate the rules and procedures of opening UPAS L/C and settlement thereof. 10
 b) Define EDF and MFCI. What are the procedures for disbursement and realization/settlement of EDF and MFCI. 10
- 6 Explain the following as per UCP-600: 2x10=20
 i) Complying Presentation ii) Nominated Bank iii) Confirmation
 iv) Banking Day v) Commercial Invoice vi) Transferring Bank
 vii) Negotiation viii) Beneficiary ix) **Presenter**
 x) Clean Transport Document
- 7 a) What is Cross Rate? How do you calculate it? 4
 b) Discuss Direct Quotation and Indirect Quotation with example. 4
 c) A customer wants to remit EURO 8000 through FTT for his daughter who is studying in Finland. Considering information given below calculate the EURO/BDT rate & how much amount you will charge for the customer. 12
- | | |
|--------------------------|--|
| i) EURO/USD Rate | 1.0910-1.0915 |
| USD/BDT Rate | 107.15-107.20 |
| ii) FTT Charge | 0.20% |
| iii) Fixed Overhead Cost | 0.15 (Per Euro) |
| iv) Profit Margin | 0.15% |
| v) Rebate to be allowed | 0.25% for a period of 15 days (360 days in a year) |
- 8 Write short notes on **any 5 (Five)** of the following: 5x4=20
 a) Buyer's Credit & Supplier's Credit b) Bill of Entry c) Incoterms 2020
 d) Trade Deficit e) Cash Incentive Facility f) Factoring
 g) Financial Engineering h) Currency Intervention

Diploma in Islamic Banking Examination, May-2023

Part :II Subject Code: 203
Subject Name: Ethics in Banking
& Legal Environment

Full Marks: 100 Pass Marks: 45
Time: 3 Hours

(N.B.: Answer **any 5 (five)** of the following questions. The figures in the right margin indicate full marks.)

1. a) Differentiate between “Ordinance” & “Order”. Write down the significance of law & ethics in conducting business. 6
- b) Why legal & regulatory framework is essential for Islamic banking and finance? Mention the legal framework and guideline of Bangladesh Bank for operation of Islamic Banking in Bangladesh. 10
- c) Why ethics is important in banking profession & financial institutions? 4
2. a) Why the Central Bank is called the “Lender of Last Resort”. 5
- b) What is the difference between “Mandatee” and “Nominee”? Suppose Mr. A opens and maintains an MSA account with a commercial bank in which he nominated his cousin as nominee. Mr. A died keeping a balance of Tk.1.00 crore and left behind his 04(Four) sons/daughters who also claimed the balance from the bank. Now, you suggest the bank as to the next course of action to be taken in the light of relevant provision of section-103 of the Bank Companies Act-1991. 12
- c) Why “Certificate of Commencement of Business” is mandatory for Public Limited Company? 3
3. a) What is “Memorandum of Association” & “Articles of Association”? 4
- b) “Artha Rin Adalat Ain-2003 is a special law for the protection of investment of a bank”- Do you agree with the statement- Explain. 6
- c) What is meant by “Solenamah” or “Compromise Agreement”? Narrate the steps to be followed by a bank/financial institution while putting a mortgaged property on auction under section-12 of Artha Rin Adalat Ain-2003. 10
4. a) What is Enhanced Due Diligence (EDD)? When it is required? 5
- b) Who is a “Walk-in-Customer”? What pre-cautionary measures to be taken in rendering banking services to a walk-in-customer? 6
- c) What are the duties and responsibilities of a BAMLCO? Why money laundering is a burning issue nowadays? 9
5. a) Under what circumstances, payment of a cheque may be stopped even if the fund/balance is sufficient. 10
- b) What is “Holder in due course” and “Payment in due course”? When collecting bank will get legal protection under NI Act-1881? 10
6. a) Which properties are transferable and which are not as per ‘Transfer of Property Act-1882’? 7
- b) As a professional banker which pre-cautionary measures would you take for accepting any property as mortgage against bank’s investment? 8
- c) What are the elements of a valid contract? 5
7. a) Who is an ‘Authorized Dealer’ as per Foreign Exchange Regulation Act-1947? 5
- b) What are the procedures of filing CR case under the Negotiable Instrument Act-1881? 10
- c) Why ‘Code of Conduct’ is necessary in a corporate body like bank? 5
8. Write short notes on any 5 (five) of the following: 5×4= 20
 - a. Free Consent
 - b. Pari-Passu Charge
 - c. One Person Company (OPC)
 - d. BFIU
 - e. Residual Risk
 - f. Corporate Governance
 - g. Non Performing Investment (NPI)
 - h. Credit Based Money Laundering

Diploma in Islamic Banking Examination, May 2023

Part :II Subject Code: 204

Subject Name: Management Accounting and Financial
Management

Full Marks: 100 Pass Marks: 45

Time: 3 Hours

(N.B.: Answer any **5 (Five)** Questions selecting **at least 2 (two)** questions from each section. The figure in the right margin indicates full marks. Answer to the question must bear workings, notes, and formula where necessary)

Section-I: Management Accounting

1. a) State the major objectives of Management Accounting. How does Cost Accounting differ from Management Accounting? 5
- b) Alif and Mim are two manufacturing concerns doing business in same market with same types of products. Following are the data obtained from two concerns in relation to year 2022:

	Alif Ltd.	Mim Ltd.
Sales Revenue	Tk. 1,50,000	Tk.1,50,000
Less: Operating Cost		
Fixed Cost	15,000	35,000
Variable Cost	1,20,000	1,00,000
Total Operating Cost	1,35,000	1,35,000
Profit	<u>15,000</u>	<u>15,000</u>

Requirements:

- (i) Determine the Break-Even Point (BEP) sales and margin of safety of each company. 6
- (ii) Determine the volume of revenue at which each company will make a profit of Tk. 50,000. 5
- (iii) State with reasons which company is likely to earn greater profits in conditions of heavy demand as well as low demand for their products? 4
2. a) Distinguish between Vertical Analysis and Horizontal Analysis of financial statements. 5
- b) Safa Manufacturing has provided the following financial statements:

Comparative Balance Sheets Components

As on December 31, 2021 and December 31, 2022

Assets	2021	2022
Cash	Tk. 1,12,500	Tk. 3,50,000
Accounts Receivables	3,50,000	2,81,250
Inventories	1,25,000	1,50,000
Plant and Equipment (Written Down Value)	5,00,000	5,00,000
Land	5,00,000	7,18,750
Total Assets	Tk. <u>15,87,500</u>	Tk. <u>20,00,000</u>
Liabilities And Equity		
Accounts Payable	Tk. 3,00,000	Tk. 2,37,500
Mortgage Payable	-	2,50,000
Common Stock	75,000	75,000
Share Premium	3,00,000	3,00,000
Retained Earnings	9,12,500	11,37,500
Total Liabilities and Equity	Tk. <u>15,87,500</u>	Tk. <u>20,00,000</u>

Income Statement Components
For the year ended December, 2022

Revenues	Tk. 12,00,000
Gain on sale of equipment	50,000
Cost of goods sold	(6,40,000)
Depreciation expense	(1,25,000)
Finance Cost	(35,000)
Net Income	Tk. <u>4,50,000</u>

Other Information:

(i) Equipment with a book value of Tk.1,25,000 was sold for Tk.1,75,000. During the year purchase of Tk.137,500 was made.

(ii) Dividends of Tk.2,25,000 were declared and paid.

Requirements: Prepare a Statement of Cash Flows for the year 2022 using Indirect Method. 15

3. a) What does the Liquidity Ratio indicate? Why quick ratio is considered as a better indicator of liquidity than current ratio? 5

b) The Arafat Company reports the following selected balance sheet data:

16% Bond	Tk. 1,20,000
Common stock (16800 shares@ Tk.25 each)	4,20,000
Share Premium	2,40,000
Retained earnings	1,80,000

Earnings Before Interest and Taxes (EBIT) is Tk.1,79,200. The tax rate is 40% which is applicable on Earning Before Tax. The market price per share of common stock is Tk.35.

Calculate:

- (i) Return on Equity (ROE) 3x5=15
- (ii) Times Interest Earned Ratio
- (iii) Earnings Per Share (EPS)
- (iv) Price-Earnings Ratio
- (v) Book Value Per Share

4. Write short-notes on **any 5 (five)** of the following: 4x5=20

- i) Dividend Yield Ratio
- ii) Statement of Cash Flows
- iii) Absorption Costing
- iv) Margin of Safety
- v) Flexible Budget
- vi) Diluted Earnings Per Share
- vii) Window Dressing
- viii) Big Bath Strategy

Section-II: Financial Management

5. a) What is meant by Effective Rate of Return? How does it differ from Nominal Rate of Return? 5
 b) A client approached for making an investment under Hire Purchase under Shirkatul Melk (HPSM) mode to purchase a vehicle worth Tk.45,00,000. The client will provide 30% of the cost as down payment. Repayment to be made at yearly installment basis at the end of each year for the next 7 years. Calculate the yearly installment size if rate of return is 9% per annum. 6
 c) You have currently Tk. 1,00,00 deposit in an Islamic Bank under Mudaraba Term Deposit (MTDR) on auto renewal basis. You have been informed that the provisional rate of profit for 3 months MTDR is 6.50% followed by 6.75% for 6 months and 6.85% for 12 months.

Requirements:

- i) What would you get at the end of three years on each alternative? 5
 ii) What would be the effective rate of return on each alternative and which plan should you choose? 4
6. a) Explain Working Capital Cycle of a manufacturing firm. Discuss the factors that determine working capital needs of a manufacturing firm. 8
 b) Classify Sources of Fund on the basis of time duration and ownership with examples. 6
 c) What is Lease Financing? Distinguish between Operating Lease and Finance Lease. 6
7. a) What are the major weaknesses of Pay-back Period? How discounted cash flow methods can overcome the weakness? 6
 b) A company is considering to purchase a machine worth Tk.5,00,000. The machine has an expected life of 5 (five) years with a salvage value of Tk.50,000. The company follows straight-line method of depreciation and belongs to a 50% tax-bracket. The cost of capital of the company is 15%. The expected profit before depreciation and tax of the machine in its 5-year life along with present value interest factor @ 15% discount factor are shown in table below:

Year	Profit before depreciation and tax	(PVIF) @ 15% discount rate
1	Tk.2,00,000	0.8696
2	2,00,000	0.7561
3	2,50,000	0.6575
4	2,25,000	0.5718
5	1,50,000	0.4972

Requirements:

- i) Calculate Payback Period of the machine. 4
 ii) Will it be wise for the company to purchase the machine considering NPV method? 10
8. a) Define Cost of Capital. Why will the cost of equity capital be higher than the cost of debt capital? 6
 b) XYZ Chemical Company has the following capital structure on December 31 2022:

Ordinary share capital - 8,00,000 shares	Tk. 80,00,000
10% Preference Shares	20,00,000
14% Debenture	60,00,000

The share of the company sells for Tk.20. It is expected that company will pay next year a dividend of Tk.2 per share which will grow at 5% forever. Assume a 40% tax rate.

You are required to:

- i) Compute a Weighted Average Cost of Capital based on the existing capital structure. 7
 ii) Compute new Weighted Average Cost of Capital if the company raises an additional Tk. 40,00,000 debt by issuing 15% subordinated bond. This will result increasing the expected dividend to Tk.3 and leave the growth rate unchanged but the price of shares will fall to Tk.15 per share. 7

Diploma in Islamic Banking Examination, May-2023

Part :II Subject Code: 205
Subject Name: E-Banking
Full Marks: 100 Pass Marks: 45
Time: 3 hours

(N.B.: Answer **any 5 (five)** of the following question. The figures in the right margin indicate full marks.)

1. a) Write down the names and usages of the hardware and network devices that are used in the branch premises of a bank. 5
b) Describe different types of storage system of a computer. Define RAM and ROM of a PC. 5
c) Describe the email and internet usage policy of your bank. 5
d) What are the functional differences between PC and Server. 5
2. a) What is Networking? How the network security is ensured? 5
b) Describe the differences among SWITCH, Router and Firewall. 5
c) What is Data Encryption? Write down the purpose of data encryption. 5
d) What is the difference between Public and Private Network? What is VPN? How does it work? 5
3. a) What is Central Authentication Security Module (CASM)? How CAS Security User Privileges are maintained through CASM? Describe the CASM Password Policy. 7
b) What is Cyber Security? What steps should be taken to ensure cyber security as per commitment of MD & CEO of the bank? 4
c) What is BCP? How does a bank implement BCP? 5
d) Define OTP and TPIN. How are they ensuring secured transaction? 4
4. a) "Future banking is transforming towards virtual banking"- justify your comments. 5
b) What are the advantages of virtual banking over traditional banking? Mention some popular virtual banking services/products. 5
c) Briefly describe the different types of cards issued by your bank along with their features. 5
d) Compare and contrast mCash, CellFin and i-Banking. 5
5. a) What steps must be taken to ensure physical security for Desktop and Laptop computers? 5
b) What are the responsibilities of ADC department of the branch? 5
c) Name the different ADC services which are available through ATM. 5
d) Describe some services running through NPSB. What is IBFT. 5
6. a) What is IT Audit? What areas are covered through IT audit? 5
b) What is MIS? State some uses of MIS in your bank. 5
c) What is the Transaction Monitoring System (TMS)? What is the purpose of TMS? 5
d) What do you understand by the Sanction Screening? Describe Fuzzy Logic. 5
7. Distinguish between (**any five**): 5x4=20
 - a. BEFTN and NPSB
 - b. Agent Banking and Mobile Banking
 - c. DC and DRS
 - d. Operating System and Application Software
 - e. Apps and Web Software
 - f. Contact Card and DI Card
 - g. ATM & CRM
8. Write short notes on any 5 (five) of the following: 5x4=20
 - a. Cashless Bangladesh-Smart Bangladesh
 - b. RPA (Retail Personal Account)
 - c. Account Opening through eKYC
 - d. Positive Pay Instruction
 - e. Payment Gateway
 - f. Fourth Industrial Revolution
 - g. Digital Market Place

Diploma in Islamic Banking Examination, May-2023

Part : II Subject Code:206
Subject Name: Micro Finance & Rural Banking:
Conventional & Islamic
Full Marks: 100 Pass Marks: 45
Time: 3 Hours

(N.B.: Answer **any 5 (five)** of the following questions. The figures in the right margin indicate full marks.)

1. a) Define Microfinance and Microcredit. 4
b) Analyze the contribution of rural banking & microfinance towards development of the rural economy of the country. 8
c) Describe “Integrated Approach” of microfinance for developing target group. 8
2. a) RDS is not like other NGOs operating in Bangladesh-Justify. 10
b) Describe the role of IBBL in rural banking. 10
3. a) How does Islamic microfinance help to achieve Maqasid-al-Sharia’h? 10
b) Define Poverty. NGOs in Bangladesh cannot reach to the poorest of the poors (Hardcore Poor)- justify your answer. 10
4. a) “SME sector is the key of economic development of a country like Bangladesh-Discuss. 10
b) Discuss the role of IBBL in developing SME sector. 10
5. a) Do you consider the MF as the effective tool for poverty alleviation? Explain. 10
b) How can you assess the impact of MF in the target market? 10
6. a) Discuss the role of PKSf towards promotion & development of microfinance in Bangladesh. 10
b) Evaluate the effectiveness of “Linkage Program” between Banks and MFIs for microfinance operations. 10
7. a) What is “Entrepreneurship Development”? What are the characteristics of a good entrepreneur? 10
b) Define Supervision. Discuss the importance of intensive supervision in microfinance. 10
8. Write short notes on **any 5 (five)** of the following: 5x4=20
 - i) Agent Banking
 - ii) UPDS
 - iii) Sustainable Development
 - iv) WEIS
 - v) Financial Inclusion
 - vi) MRA
 - vii) Cluster Finance
 - viii) Credit and Development Forum