

Diploma in Islamic Banking Examination, April-2024

Part :II

201: 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. Explain the differences between “Investment and Speculation” 4
- b. Describe problems and prospects of sharing mode of investment in the context of Bangladesh experience. 8
- c. Briefly discuss the investment schemes of your bank which facilitates the consumer. 8
- 2 a. What is the classification of investment? Explain the impact of classification on the profitability of the bank. 7
- b. What are the main components of NPI? Point out the preventive & remedial measures of NPI. 7
- c. “Recovery, Recovery & Recovery” Explain the main focus and activities of Investment Recovery with your own experience. 6
- 3 a. Write about Document Verification Certificate (DVC), Material Documents and Less Material Documents with example. How does documentation contribute to safeguard bank’s investment? Discuss. 10
- b. What is the Charge Creation? Define the methods of Creating Charge on different securities. 6
- c. Distinguish between Bank Guarantee and Indemnity. 4
- 4 a. Describe the objectives of using Ratio Analysis by various parties concerned. 8
- b. The balance sheet of ABC Venture Ltd as on 31st December,2023 has been presented below:

Liabilities & Equity	Amount (Tk.)	Assets	Amount (Tk.)
Paid-up Capital	15,00,000	Fixed Assets	16,50,000
Reserve Surplus	6,00,000	Inventories	9,10,000
Bond (Long Term)	5,00,000	Account Receivable	12,40,000
Bank Overdraft	2,00,000	Investment	1,60,000
Sundry Accounts Payable	12,00,000	Cash	40,000
Total Liabilities & Equity	40,00,000	Total Assets	40,00,000

Annual sales Tk.74,40,000 Gross Profit Tk.7,44,000 Received. Calculate the following ratios for the year 2023:

2x6=12

- i) Debt- Equity Ratio
 - ii) Current Ratio
 - iii) Proprietary Ratio
 - iv) Gross Profit Ratio
 - v) Account Receivable Turn Over Ratio
 - vi) Inventory Turn Over Ratio
- 5 a. Discuss the phases of Capital Budgeting. 6
 - b. Differentiate between “Business Risk and Financial Risk”. 8
 - c. Discuss the importance of Client Rating? How does it impact on the capital adequacy? 6

6. a. What do you mean by Internal Rate of Return (IRR)? 5
 b. XYZ International Ltd. is considering the expansion of a business line, which would require acquisition of a machine costing Tk.1,65,000. The project is expected to survive 05 (Five) years. The expected Cash Flow Before Tax (CFBT) is as follows :

Year	CFBT
1	Tk.45,000
2	Tk.40,000
3	Tk.30,000
4	Tk.55,000
5	Tk.50,000

The company uses Straight Line Depreciation Method. Salvage Value of the machine is expected to be Tk.15,000. Assume a 30% Tax Rate and Cost of Capital of 10%.

Required: Determine the following-

3x5=15

- i. Payback Period
- ii. Average Rate of Return
- iii. Discounted Payback Period
- iv. Net Present Value
- v. Profitability Index

Year	1	2	3	4	5
PVF at 10%	0.909	0.826	0.751	0.683	0.620

- 7 a. Justify the CMSME financing by commercial banks in a country like Bangladesh. What problems do the bank face in financing CMSME Enterprise? Discuss. 10
 b. Explain the need to follow up the investment of a bank. How would you ensure the effective supervision of investments by Islamic banks? 10

8 Write short notes on **any 05 (five)** of the following: 5×4 = 20

- | | |
|--|---------------------------|
| a. Pari-Passu Charge and Second Charge | e. Working Capital Cycle |
| b. Credit Guarantee Scheme | f. Written-Off Investment |
| c. Investment Restructuring | g. Base for Provision |
| d. BEP & ERR | |

The End

Diploma in Islamic Banking Examination, April-2024

Part : II

202: 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 Foreign Exchange and International Trade? International Trade is closely related with national economy- explain your opinion. 6
- b) What are the components of BOP and BOT? 6
- c) What is the effect of trade deficit on economy? 6
- d) Briefly write down the importance of remittance in the prevailing market. 2
2. a) Define Letter of Credit. What are the parties involved in Letter of Credit? 6
- b) “Banks deal with documents, not with goods or services”, explain. 4
- c) Discuss the importance of foreign trade in the economy of Bangladesh. 7
- d) How to issue discrepant notice against discrepant documents under UCP-600? 3
3. a) Discuss the following trade payment methods, their advantages and disadvantages: 3x4=12
 - i) Payment in Advance
 - ii) Open Account
 - iii) Documentary Credit
 - iv) Documentary Collection
- b) Describe the functions of Treasury in a bank, briefly. 6
- c) Define Foreign Exchange Risk. 2
4. a. Discuss the following modes of Foreign Trade practiced in Islamic Banks: 5x3=15
 - i) Bai Salam and Bai Istisna
 - ii) MDB and Bai-as-Sarf
 - iii) PIF and MIB
- b. What are the Local and Foreign Regulations for conducting International Trade? 5
5. a) What do you mean by UPAS L/C? 3
- b) Define Inco-terms? Why Inco-terms are so important in the International Trade? 5
- c) Describe salient features of the newly introduced FC A/C: 6x2=12
 - i) MRFC D
 - ii) MIBA Account
6. Explain any **05 (Five)** of the following terms as per UCP-600: 5x4=20
 - i) Commercial Invoice
 - ii) Negotiation
 - iii) Credit
 - iv) Clean Transport Document
 - v) Honour
 - vi) Confirmation
 - vii) Complying Presentation

7. a) What do you mean by Exchange Rate? Write the methods of calculating exchange rate. 5
- b) Define Direct Quotation and Indirect Quotation with example. 3
- c) A valued customer wants to remit GBP 14,500 through FTT for his daughter studying abroad. Calculate the rate considering the following facts: 12
- | | | |
|------|------------------------------------|---|
| i. | GBP/USD Rate | 1.2670-1.2675 |
| | USD/BDT Rate | 110.05-110.10 |
| ii. | FTT Charge | 0.10% |
| iii. | Profit Margin | 0.15% |
| iv. | Fixed Overhead Cost | Tk.0.20 (Per GBP) |
| v. | Rebate to be allowed to the client | 0.25% for a period of 15 days
(360 days in a year) |
8. Write short notes on any **05 (Five)** of the following: 5×4=20
- i) Cash Incentive Facility
 - ii) SWIFT
 - iii) TBML
 - iv) ERQ
 - v) EDF
 - vi) ACU
 - vii) Off-shore Banking
 - viii) BC Selling Rate

THE END

Diploma in Islamic Banking Examination, April-2024

Part :II

203: 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) What is Business Ethics? Why ethics is important in banking profession & financial institutions? 6
- b) Mention the Laws/Acts relating to the banking activities in the context of Bangladesh. 4
- c) Why legal and regulatory framework is obvious for Islamic banking and finance? Mention the legal framework & guidance of Bangladesh Bank for operation of Islamic banking in Bangladesh. 10
2. a) What is Simple (General) Mortgage & Registered Mortgage? Which mortgage is preferable between these two for banking industry and why? 6
- b) What are the probable causes for increase of default investments in the banking industry? Give suggestions for combating the same. 10
- c) Why Bangladesh Bank is called “Lender of Last Resort”? 4
3. a) “Alternative Dispute Resolution (ADR)” may play a significant role for early settlement of “Artha Rin Suit” filed in the Artha Rin Adalat- Do you agree with this statement? Explain. 7
- b) “Artha Rin Adalat Ain-2003 is a special law for the protection of investments of a bank”- Explain. 6
- c) Narrate the procedures to be followed by a bank/financial institution in putting a mortgaged property on auction under Section-12 of Artha Rin Adalat Ain. 7
4. a) What is “Money Laundering”? Briefly state the stages of money laundering as per “Money Laundering” & Prevention Act,2012 (Amendment up to 2015). 5
- b) Who is a “Walk-in-Customer”? What pre-cautionary measures to be taken in case of rendering banking services to a “Walk-in-Customer”? 5
- c) What is Credit Based Money Laundering? Why money laundering is a burning issue now a days? What is Enhanced Due Diligence (EDD)? 10
5. a) “Agreement enforceable by law is a contract”-explain in the light of Contract Act-1872. 8
- b) Can a Minor enter into a Contract? What procedures are to be followed for opening an Account of a Minor? 6
- c) Who is an “Authorized Dealer” as per Foreign Exchange Regulation Act-1947? 6
6. a) Choose the correct answer from the followings: 5×1 =5
- i) “Company Matters” is the original jurisdiction of –
- a. Appellate Division
- b. High Court Division
- c. Megistrate Court
- d. Sessions Court.

Diploma in Islamic Banking Examination, April- 2024
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) Define Management Accounting. Discuss the tools and techniques used in Management Accounting for planning, controlling and making decisions of banking business. 8
- b) Mim Corporation produces and sells a single product. Selected cost and operating data relating to the product for the two years given below: 12

Selling price per unit	Tk.	50
Manufacturing costs:		
Variable cost per unit produced	Tk.	20
Fixed manufacturing overhead per year	Tk.	1,20,000
Selling and administrative expenses:		
Variable per unit sold	Tk.	4
Fixed per year	Tk.	70,000

	Year-1	Year-2
Units in beginning inventory	-	2,000
Units produced during the year	10,000	6,000
Units sold during the year	8,000	8,000
Units in ending inventory	2,000	-

Required:

- i. Prepare an Income Statement for each year assuming the company uses Absorption Costing and Variable Costing.
- ii. Reconcile the Variable Costing and Absorption Costing Net Operating Incomes.
2. a) Why is Acid-Test Ratio considered as a better indicator of liquidity of business firms? State the ratios that an investor should take into consideration before making investment in securities of capital market. 6
- b) Selected financial ratios of a firm with corresponding industry average are shown below:

Ratios	Firm	Industry Average
Current Ratio	3.2 times	2.5 times
Acid-Test Ratio	1.75 times	1.9 times
Debt to Asset	23%	33%
Inventory Turnover	8.7 times	5.5 times
Average Collection Period	33 days	40 days
Net Profit Margin	3.8%	3.5%
Return on Investment	11.5%	9.75%

Requirements:

4x3=12

- i) Evaluate the financial health of the firm compared to its industry average as regards to Liquidity, Solvency, Activity and Profitability.
 - ii) Give a suggestion to the firm for improvement of financial health in future.
3. a) Distinguish between a Static Budget and a Flexible Budget. Which one is better for a business and why? 5
- b) XYZ Corporation, a large wholesaler of edible oil, needs a cash budget for the month of March, 2024. The following information is available: 15
- i) The cash balance at the beginning of January, 2024 is Tk.2,000.
 - ii) Actual sales of January, February 2024 and expected sales of March, 2024 are as follows:

(Amount in Tk.)

	November, 2023	December, 2023	January, 2024
Cash Sales	800	900	1,000
Sales on Account	2,000	2,200	2,400
Total Sales	2,800	3,100	3,400

Sales on account are collected over a three months' period in the following ratio: 10% will be collected in the month of sales, 70% will be collected in the month following sales and 15% in the second month following sales. The remaining 5% will be uncollectable.

- iii) Purchases are paid in the following month after purchase. The purchase of February, 2024 was Tk.2,500.
- iv) Selling and administrative expenses for March, 2024 are budgeted at Tk.300 million of which depreciation is Tk.50.
- v) Equipment costing Tk.200 will be purchased in January, 2024.
- vi) In January Tk.300 cash dividend will have to be paid.

Requirements: Prepare a Cash Budget for the month of March, 2024.

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

5x4=20

- i) Price-Earnings Ratio
- ii) Absorption Costing
- iii) Margin of Safety
- iv) Window Dressing
- v) Zero-Base Budgeting
- vi) Capital Employed
- vii) Cross-Sectional Analysis
- viii) Return on Equity

Section-II: Financial Management

5. a) What is meant by Effective Rate of Return? Why is it different from Nominal Rate of Return? 5
- b) You want to open Mudaraba Term Deposit Receipt Account (MTDRA) for Tk. 1,00,000 in Islamic Bank on auto renewal basis. You have been informed that provisional rate of profit for 3 months MTDRA is 8% followed by 8.25% for 6 months and 8.50% for 12 months. 8

Requirements:

- i) What would you get at the end of three years on each alternative?
- ii) Calculate effective rate of profit on each alternative. Which plan you should choose and why?
- c) Islamic Bank sanctioned an investment of Tk. 10,00,000 to a client at 12% rate of return per annum for 5 years repayable at equal end-of- month payments. 7

Requirements:

- i) Calculate the amount that shall be paid by the client as monthly installment.
- ii) Prepare an amortization schedule for this investment.
6. a) Discuss the Internal Rate of Return (IRR) as a technique of capital budgeting used for project appraisal. 5
- b) A company is considering a project valuing Tk.4,00,000 having cash flows before tax throughout its whole life is given below:

Year	1	2	3	4	5
Amount (Tk.)	1,00,000	1,00,000	1,50,000	1,50,000	2,50,000

The company uses straight line method for calculation of depreciation. Tax rate is 50% and salvage value of the project is zero. Cost of capital is 10%.

Requirements:

- i) Determine the Payback Period, Average Rate of Return, Net Present Value, and Internal Rate of Return of the project 4x3=12
- ii) Evaluate the acceptability of the project. 3
7. a) Define Cost of Capital. Why the cost of equity capital is higher than the cost of debt capital of a firm? 5
- b) The Ha-Mim Company has the following capital structure:

Sources of capital	Amount (Tk.)
10% Bond	1,00,000
12% Preferred Stock	1,00,000
Common Stock	3,00,000
Total	<u>5,00,000</u>

Currently the company's common stock is selling at Tk.120 per share with current dividend of Tk. 5 per share. The company's dividend is expected to grow at a constant rate of 5%. The company is in 40% tax bracket.

Requirements:

- i) Calculate the Weighted Average Cost of Capital (WACC) of the company. 8
- ii) Compute the new weighted average cost of capital (WACC) if the company raises an additional Tk.2,00,000 by issuing 14% bond. This would result to increase the expected dividend to Tk.6 but the price of per share will fall to Tk.115 with same growth. 7
8. a) Is lease a source of financing? Explain. How does Mudaraba differ from Islamic financial tool of Musharaka. 7
- b) Can a firm always pay high dividend if it earns high profit? Explain. 5
- c) Discuss the factors that determine the working capital requirements of a firm? 8

The End

Diploma in Islamic Banking Examination, April-2024

Part :II

205: 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) Describe components of CPU (Central Processing Unit) of a Personal Computer. 8
b) What is the Open Source Operating System? How does it differ from proprietary OS? Give some examples of Open Source OS that are used in your Bank. 7
c) What are the functional differences between PC and Server? 5
2. a) As an IT Officer, what steps do you think should be taken to ensure IT security of the Branch you work at? 5
b) Describe different types of storage system of Computer and Server. 6
c) Write down the names and functions of network devices that are used in the Branch premises of a Bank. 6
d) What is VPN? How does it work? 3
3. Distinguish between the following terms: 5x4=20
a) Dual Currency Debit card and Credit card b) Agent Banking and Mobile Banking
c) Branch POS and Merchant POS d) DC and DRS e) CellFin and iSmart
4. a) What are the importance and functions of Data encryption and decryption? 6
b) What is signature, CC and BCC while sending email? 6
c) What are the policies and practices to handle emails securely? 8
5. a) What is Contact Centre? Mention the services provided by Contact Centre. 5
b) Describe the different types of cards alongwith their features issued by your Bank. 8
c) Mention the services provided by CRM. 4
d) What is the 2FA? Where it is used? 3
6. a) Describe the responsibilities of Digital Banking Department of a Branch. 5
b) Mention the transactional and non transactional activities performed through CellFin. 5
c) Describe the procedure of debit approval for iBanking and CellFin user. 5
d) What is payment gateway? What is the role of payment gateway in e-commerce transaction? 5
7. a) What do you mean by Micro merchant? How micro merchants are on-boarded through CellFin? 6
b) What is Bangla QR? Discuss the role of Bangla QR to build a cashless economy. 6
c) “Future Banking is moving towards digital transformation”- Explain it. 8
8. Write short notes on any **5 (five)** of the following: 5x4=20
 - a. Digital Nano Financing
 - b. RPA (Retail Personal Account)
 - c. Account opening through eKYC
 - d. Cashless Bangladesh- Smart Bangladesh
 - e. Phishing mail
 - f. IDTP
 - g. Cloud Computing
 - h. CTR & STR Reporting

The End

Diploma in Islamic Banking Examination, April-2024

Part : II

206: 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 & Microcredit and their major features. 8
- b) Describe major activities of RDS including welfare oriented activities. 8
- c) What are the advantages of Microfinance? How does it work? 4
2. a) The major focus of Islamic Microfinance is Family Empowerment, do you agree?- 10
 Justify.
- b) Discuss the socio-economic and cultural impact of Conventional Microfinance in 10
 Bangladesh.
3. a) State the policy measures taken by Bangladesh Bank (BB) for promoting “Financial 10
 Inclusion” in the country.
- b) “SME sector is the key for economic development of a country like Bangladesh”- 10
 Discuss.
4. a) What is Entrepreneur Development? 5
- b) What are the characteristics of a good entrepreneur? 5
- c) Describe the role of “Agent Banking” for providing banking service towards rural 10
 people in the country.
5. a) What is Risk Management? Discuss the risks involved in Microcredit operations. 10
- b) Dropout rate is high in microfinance, what strategies are needed to be adopted to arrest 10
 dropout rate?
6. a) Do you consider MF as an effective tool for poverty alleviation? Explain. 10
- b) Discuss the problems and prospect of Islamic Microfinance in Bangladesh. 10
7. a) Discuss in brief the role of following: 4x5=20
- i) MRA ii) UPDS iii) Agent Banking iv) Women’s Entrepreneur through MF
8. Write short notes on any **05(five)** of the following: 5x4=20
- i) SBIS
- ii) AMWAB
- iii) Credit and Development Forum
- iv) Off Firm Economic Activities
- v) Financial Inclusion
- vi) Self-Development
- vii) Overlapping of Microfinance
- viii) Hardcore and Marginal Poor

The End