

Diploma in Islamic Banking Examination, October-2021

PART-II

201: Investment Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

- 1) a. "The investment mechanisms of Islamic Banks are superior to the lending mechanisms of Conventional Banks"- Explain in detail. 8
- b. Discuss in brief on "Islamic Financial Modes". 4
- c. Discuss the major barriers of investment. 4
- d. Differentiate between "Investment and Speculation". 4
- 2) a. As an investment analyst of an Islamic bank, what parameters do you need to take into consideration to evaluate a prospective investment client? 7
- b. Briefly discuss the tools of investment client evaluation as per Credit Risk Management (CRM) guidelines of Bangladesh Bank. 7
- c. "The most important activity of investment is recovery"-Discuss. 6
- 3) a. What are the main components of working capital? What factors are to be considered for determining working capital requirement of a manufacturing concern? 6
- b. Your bank intends to estimate the working capital requirement of ABC cable Industries Ltd, a prospective client to finance a level of production of 5,00,000 units in a year. The cost structure of the company for above mentioned production level is furnished below: 14

Elements of cost	Amount Per Unit (Tk.)
Raw Materials	Tk. 50.00
Direct Labor	Tk. 10.00
Overhead cost (Including depreciation of Tk.10 Per unit)	Tk. 30.00
Total cost	Tk. 90.00
Profit	Tk. 30.00
Selling price	Tk. 120.00

Additional Information:

- a) Expected cash balance is Tk. 50,000.00.
 - b) Raw materials are held in stock on an average for 02(Two) months.
 - c) Work in process (assume 50% completion stage) will approximate to half a month's production.
 - d) Finished goods remain in warehouse on an average for 01(One) month.
 - e) Suppliers allow 01(One) month's credit and debtors are to be provided 02(Two) month's credit.
 - f) 25% of total sales are made in cash.
 - g) Time-lag in payment of wages is 15 days.
 - h) Time-lag in payment of overheads is 01(One) month.
- Prepare a statement showing working capital requirements for the company.**
- 4) a. What are the quantitative and qualitative components of ICRRS? How ICRRS contributes to select a good customer and pricing of investment? 7
 - b. What is the regulation of single borrower exposure and how the limit facilitate to risk management in investment? 6
 - c. What is Large Investment/Loan? What is the regulation/ceiling for large investment/loan? Write in brief. 7

- 5) a. What is Risk Management? 4
 b. Why the investment risk management is so important? Discuss. 8
 c. Differentiate between 'Business Risk' and 'Financial Risk'. 8
 6) a. Define Ratio Analysis. 3
 b. Describe the objective of using ratio analysis by various parties concerned. 7
 c. The balance sheet of ABC corporation ended on 31st December-2020 is cited below: 10

Assets	Amount (Tk.)	Liability & Equity	Amount (Tk.)
Cash	2,65,000	Accounts Payable	2,20,000
Accounts Receivable	2,80,000	Accrued Taxes	80,000
Inventory	75,000	Long term bonds	2,50,000
Plant & Machinery	2,80,000	Common stocks	3,00,000
Investment	1,00,000	Retained earnings	1,50,000
Total Assets	10,00,000	Total Liability & Equity	10,00,000

- Sales for the year ended on 31st December 2020 was Tk. 5,00,000/=
- Cost of goods sold was Tk. 3,00,000/=
- The Net Profit After Tax (NPAT) was Tk.1,00,000/=

Now complete the following ratios:

- i) Current Ratio vi) Inventory Turnover Ratio
 ii) Quick Ratio vii) Net Profit Margin Ratio
 iii) Debt to Total Assets Ratio viii) ROI
 iv) Asset Turnover Ratio ix) ROE
 v) Receivable Turnover Ratio x) ROA

- 7) a. What is Investment Pricing? What are the building blocks of investment pricing? 7
 b. What are Problem Assets? Describe appropriateness of rescheduling as a means to manage Non Performing Investment. 6
 c. What is Write Off? Discuss the procedure of writing off Non Performing Investment (NPI) as per BRPD circulars of Bangladesh Bank. 7
 8) Write short notes on **any 05 (five)** of the following: 5x4=20
 a. Concentration Risk
 b. Syndicated Investment
 c. Discounted Payback Period
 d. ROE and ROA
 e. Stress Testing
 f. IRR Vs NPV
 g. Creation of Charge and Mortgage
 h. Capital Budgeting

The End

Diploma in Islamic Banking Examination, October-2021

PART-II

202: International Trade and Finance

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) Define Balance of Trade and Balance of Payment. 4
b) What are the components of Balance of Trade and Balance of Payment? 4
c) What is the difference between Balance of Trade and Balance of Payment. 8
d) 'Balance of Payment is always balanced'- explain. 4
2. a) What do you mean by International Financial Market? 5
b) What are the instruments of international financial market? 5
c) Does Islamic Economics support international financial market? 6
d) What are Financial Derivatives? Explain. 4
3. Explain any **five (05)** of the following terms in the light of UCP-600: 5x4=20
 - i) Credit VS. Contract
 - ii) Transferable Letter of Credit
 - iii) Complying Presentation
 - iv) Clean Transport Documents
 - v) Assignment of Proceeds
 - vi) Banking Day
 - vii) Confirmation
 - viii) Commercial Invoice
4. a) Define Incoterms. State all Incoterms under Incoterms -2020. 5
b) Why the Inco-terms so important in the international trade? 5
c) Describe responsibilities of both buyer and seller under any 04(Four) Incoterms. 10
5. a) Discuss about Pre-Shipment and Post-Shipment Finance practices in Islamic Banking. 10
b) Describe Factoring and Forfeiting with its operational procedures. 10
6. a) What do you mean by UPAS L/C? Narrate the rules and procedures of opening UPAS L/C and settlement thereof. 8
b) Define EDF and MFCI. What are the procedures for disbursement and realization/settlement of EDF and MFCI? 12
7. a) What is SWAP? 2
b) Describe different types of spot buying and selling rates as practiced by the banker of Bangladesh. 6
c) A customer wants to sell an export bill for EURO 15000 at sight basis. Calculate applicable exchange rate for purchasing the above bill under Bai-as-Sarf and total value to be paid to the customer under following data: 12

i) EURO/USD Rate	1.1870-1.1875
USD/BDT Rate	84.8050-84.8070
ii) Transit Period	21 days (1 Year-360 days)
iii) Collection Charge	0.25%
iv) Bank's Profit	7% P.A
v) Postage Charge	Tk. 0.15 per EURO
vi) Foreign Correspondence Charge	Tk. 0.10 per EURO
8. Write short notes on **any 5 (Five)** of the following: 5x4=20
 - a) Bill of Entry
 - b) Dealing Room
 - c) Duty Draw Back
 - d) Short Position
 - e) Trade Based Money Laundering (TBML)
 - f) Intervention Currency
 - g) ACU
 - h) Suppliers Credit.

The End

Diploma in Islamic Banking Examination, October-2021

PART-II

203: Ethics in Banking & Legal Environment

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) What is Law? Differentiate between ‘Law and Ethics’. 10
 b) Find out the relationship between ‘Shariah Banking’ and ‘Moral Banking’. 5
 c) What are the methods of ensuring ‘Good Governance’ in a bank company? 5
2. a) What do you mean by the ‘Act’, ‘Order’, ‘Circular’ and ‘Ordinance’? 7
 b) Mention the ‘Acts’ that are related to banking business. 5
 c) Discuss the legal framework and guideline of Bangladesh Bank for Islamic banking in Bangladesh. 8
3. a) What are the procedures of filing suit for recovery of bank’s dues as per Artho-Rin-Adalot Ain-2003? 10
 b) Under which plea a defaulter client usually goes to file Writ Petition in the High Court Division against sale of mortgaged property? What is the next course of action for a bank against the defaulter client? 10
4. a) What do you mean by ‘Negotiable Instrument’? What are the liabilities of parties on Negotiable Instruments? 8
 b) When collecting bank will get legal protections under Negotiable Instrument Act-1881? 6
 c) What do you mean by ‘Good Faith’ and ‘Without Negligence’. 6
5. a) What is ‘Credit Based Money Laundering’? How credit based money laundering work? 7
 b) What are the duties and responsibilities of a reporting organization as per section 25 of the ‘Money Laundering Prevention Act-2012’? 8
 c) What are the duties of a BAMLCO? 5
6. a) Which properties are transferable and which are not as per ‘Transfer of Property Act-1882’? 7
 b) As a banker which precautionary measures would you take for accepting any property as mortgage against bank’s finance? 8
 c) Define ‘Floating Charge’ and ‘Pari-Passue’ Charge. 5
7. a) What do you mean ‘Certificate of Incorporation’ and ‘Certificate of Commencement’ of business? 5
 b) What do you know Statutory Meeting of a Company? Is it applicable for a Private Limited Company? 5
 c) What are the procedures for conversion of a Private Limited Company into Public Limited Company? 6
 d) How can the fixed and floating charge secure the investment? 4
8. Write short notes on **any 5 (Five)** of the following: 5x4=20
 - a) Trade Mark
 - b) Virtual Banking
 - c) Predicate Offence
 - d) Code of Conduct
 - e) Free Consent
 - f) Authorized Dealer
 - g) Walk in Customer
 - h) Capital Charge

The End

Diploma in Islamic Banking Examination, October-2021

PART-II

204: Management Accounting & Financial Management

Time: 3 hours

Full Marks: 100

Pass Marks: 45

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

Section-I : Management Accounting

1. a) Enumerate the tools and techniques used in Management Accounting. 6
b) What are the major differences and similarities between Financial Accounting and Management Accounting? 7
c) How does Management Accounting assist in Islamic banking business? 7
2. a) What do you mean by Break-Even Point? Explain the limitations of Break-Even analysis. 8
b) A company is producing similar products in its two factories. Details of both factories are as follows: 12

Particulars	A	B
Selling Price per unit (Tk.)	200	200
Variable Cost per unit (Tk.)	150	140
Fixed Cost (Tk.)	8,00,000	10,00,000
Depreciation included in Fixed Cost (Tk.)	1,20,000	1,10,000
Sales in units	60,000	40,000
Production capacity (Units)	80,000	60,000

Requirements :

- i. Calculate Break Even Point (BEP) of each factory independently.
ii. Calculate Margin of Safety for the company as a whole.
iii. If the variable costs increased by 8% and 12% in the factory A and B respectively, what will be the consequences?
iv. If selling price is reduced by 5%, what would be BEP sales in amount of Taka and in Units for both the factory?
3. a) What are the ratios used in the Internal Credit Risk Rating System (ICRRS)? 5
b) The following information taken from the profit and loss account of Jeba Ltd. for the year ended 31st December, 2020: 15

<u>Particulars</u>	<u>Taka</u>
Turnover	64,00,000
Gross profit	39,00,500
Net Profit	9,40,000
Dividends	1,10,000

The following information taken from balance sheet of Jeba Ltd. as on 31st December 2020:

<u>Particulars</u>	<u>Taka</u>	<u>Taka</u>
Fixed Assets		84,00,000
Current Assets	32,50,000	
Creditors (Current liabilities)	26,00,000	
Net Current Assets		<u>6,50,000</u>
Total Assets		90,50,000
Creditors (Long Term) Debentures		<u>20,00,000</u>
		70,50,000
		=====
Ordinary Shares of Tk.1 each		50,00,000
Reserve		<u>20,50,000</u>
		70,50,000
		=====

Additional Information:

- i. The value of closing stock as at 31st December 2020 was Tk.98,000.
- ii. The market price of an ordinary share on 31st December 2020 was Tk.1.12

From the above information, calculate the following ratios:

- a) Gross Profit Margin
 - b) Net Profit Margin
 - c) Return on Capital employed
 - d) Acid Test Ratio
 - e) Current Ratio
 - f) Price Earnings Ratio
4. a) Why Cash Budget is so important for business entity? 5
- b) Sabah Limited operates a retail business. Purchases are sold at cost plus $33\frac{1}{3}\%$. 15

Amount in Taka

Month	Budgeted Sales	Labor Cost	Expenses Incurred
January	40,000	3,000	4,000
February	60,000	3,000	6,000
March	1,60,000	5,000	7,000
April	1,20,000	4,000	7,000

- i) It is a management policy to have sufficient inventory in hand at the end of each month to meet half of the next month's sales demand.
- ii) Suppliers for materials and expenses are paid in the month after the purchases are made/expenses incurred. Labour is paid in full by the end of each month.
- iii) Expenses include a monthly depreciation charge of Taka 2,000.
- iv) a.75% of sales are for cash.
b.25% of sales are on one month's credit.
- v) The Company will buy equipment costing Taka 18,000 for cash in February and will pay a dividend of Taka 20,000 in March. The opening cash balance at 1 February is Taka 1,000.

Prepare a cash budget for February and March with comments on the result.

**Section-II
(Financial Management)**

5. a) What is Time Value of Money? 4
 b) Mr. Hasan plans to purchase a house costing Tk.1,50,00,000. He makes a down payment of Tk.50,00,000 and avail investment facilities under HPSM mode for the rest with a 5 year fixed rate of rent. The payments are made in quarterly installment with the first payment due at $t=1$. The rate of return is 12% per annum compounded quarterly. Calculate the installment of the quarterly payment. 8
 c) You have been making following Mudaraba Muhar Savings Account (MMSA) deposits on the last day of every month. 8

Month	Taka	Month	Taka
January 2020	1,500	July	3,500
February	2,000	August	3,500
March	2,000	September	4,000
April	2,500	October	4,000
May	3,000	November	3,500
June	3,000	December	3,000

The rate of return is 12% compounded monthly. How much will you have on January 1, 2021.

6. a) What are the decision rules for judging the worth of investment in the capital budgeting technique based on the NPV and Profitability Index? 5
 b) ABC Pharmaceuticals Company Ltd. is a public limited company listed with the stock exchanges. Now, the company would like to set up a highly sophisticated vaccination plant for the production of COVID vaccine with the joint collaboration with Germany based company named as 'Bio Derm'. The estimated cost of the plant would be BDT 50,00,000. The life time of the plant will be for 5 years with the salvage value of BDT 5,00,000. The company follow the straight line depreciation method. The company is in 40% tax bracket and the discount rate is 12%. The Net Cash Benefit(NCB) of the project are as follows: 15

Year	NCB
1	Tk.15,00,000
2	Tk.16,00,000
3	Tk.14,00,000
4	Tk.17,00,000
5	Tk.16,00,000

Calculate NPV, ARR, and Profitability Index.

7. a) What is Financial Risk? 4
 b) How is the cost of capital relevant in Investment decision? 6
 c) A company has on its books the following amount and specific costs of each type of the capital. The company is in tax bracket of 35%. 10

Type of Capital	Book Value (Taka)	Market Value (Taka)	Specific Cost
Debt	8,00,000	10,00,000	9%
Preference Share	2,00,000	4,00,000	8%
Ordinary Share	12,00,000	16,00,000	15%
Retained Earnings	4,00,000	6,00,000	12%
Total Amount	26,00,000	36,00,000	

Determine the Weighted Average Cost of Capital using Book value weights & Market value weights.

8. Write short notes on **any 05 (Five)** of the following: 5x4=20
 a) Operating Lease & Finance Lease b) Sukuk and Securitization
 c) Dividend Policy d) Internal Credit Risk Rating System
 e) Mudaraba Perpetual Bond f) IRR
 g) P/E ratio h) Total Working Capital and Net Working Capital

The End

Diploma in Islamic Banking Examination, October-2021

PART-II

205: E-Banking

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) What is the meaning of MIS? What are the reports needed for Branch admin to check daily and monthly for GB and Investment module? 8
- b) What is RDBMS? Write the differences between RDBMS and Flat file database. 8
Mention some popular RDBMS.
- c) What is VPN and how does it works? 4
2. a) Define ICT Risk. Write how ICT Risk can be mitigated in banking operations. 8
- b) Write the self assessment process for ICT Risk. Identify the risk points for self assessment of Branch/Division. 8
- c) What is spam mail? How can you protect it? 4
3. a) Describe the physical securities of the Branch Server Room as per IT policy of the bank. 6
- b) What are the entries control policies for the visitor/guest at your Branch or Head Office? 4
- c) What is Data Security? How a bank ensures its customer data security? 5
- d) What are the functions of the BIOS in a computer system? 5
4. a) Describe basic units of a computer system with their functionalities. 8
- b) Distinguish between system software and application software with example. 6
- c) Mention some basic responsibilities to maintain proper health of your PC. 6
5. a) Describe the process on boarding customer through e-KYC in Cellfin. Define how a customer connects CBS account with Cellfin. 4+4=8
- b) 'Cellfin- All of your banking in one app'-Justify it. 8
- c) Write the differences between BEFTN and RTGS. 4
6. a) Describe the incident management and problem management as per Policy Guideline of your bank. 7
- b) Describe the necessity and functionality of a call center. 7
- c) What are the NID verifications and KYC remediation? Why these are needed? 6
7. a) Describe all types of services in details that are delivered from ATM booth. 10
- b) What is POS? How does it work? What are the functionalities of Branch & Agent POS? 7
- c) What is Routing number of MICR? 3
8. Write short notes any **05 (Five)** of the following: 5x4=20
 - i) NFC
 - ii) NPSB
 - iii) Cyber Crime
 - iv) ISS
 - v) MICR
 - vi) Automated Challan System (ACS)
 - vii) SMS Banking

The End

Diploma in Islamic Banking Examination, October-2021

PART-II

206: Micro Finance & Rural Banking: Conventional & Islamic

Time: 3 hours

Full Marks: 100

Pass Marks: 45

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

- | | | | |
|----|-------|--|--------|
| 1. | a) | Distinguish between Microfinance and Microcredit. | 5 |
| | b) | Discuss historical development of micro credit and micro finance in Bangladesh. In this context, discuss the basic features of RDS of IBBL. | 15 |
| 2. | a) | What do you mean by Financial Inclusion? Discuss the policy measures taken by Bangladesh Bank to promote financial inclusion in the country. | 10 |
| | b) | Evaluate the performance of RDS and UPDS in poverty alleviation. | 10 |
| 3. | a) | Define MRA. Describe the regular and special activities of MRA. | 10 |
| | b) | Discuss the role of government in the provision of Micro Finance. | 10 |
| 4. | a) | What is 'Maqasid-e-Shariah'? How Islamic microfinance help to achieve Maqasid-e-Shariah? | 10 |
| | b) | Discuss the challenges of implementing Maqasid-e-Shariah in Islamic Banking and Islamic Micro Finance. | 10 |
| 5. | | Discuss in brief the role of following:
i) CDF ii) PKSF iii) BARD iv) Grameen Bank | 20 |
| 6. | a) | 'Financing of SME sector is very essential for job creation'-Discuss. | 10 |
| | b) | Discuss the role of Islami Bank for developing SME sector. | 10 |
| 7. | a) | Define NGO and state its importance in the society. | 10 |
| | b) | What are the characteristics of NGO? | 4 |
| | c) | Discuss the role of NGOs in development of Bangladesh. | 6 |
| 8. | | Write short notes on any 5 (five) of the following: | 5x4=20 |
| | i) | Social Business | |
| | ii) | Off-firm Economic Activities | |
| | iii) | SBIS | |
| | iv) | Informal Credit | |
| | v) | Prashika | |
| | vi) | Cluster Financing | |
| | vii) | Group Guarantee in Microfiance | |
| | viii) | Hardcore poor and poverty alleviation | |

The End