

Diploma in Islamic Banking Examination, May-2022

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. What do you mean by Investment Risk Management? How does investment risk impact on bank's liquidity, profitability, and productivity? 8
- b. Discuss the impact of profit rate change on the investment portfolio of Islamic banks. 7
- c. How the investment policy of Islamic banks can contribute to the mission and vision of Islamic banking industry? 5
- 2) a. What is classification of Investment? Explain the impact of classification in the profitability of the bank. 7
- b. How the different facilities for adjustment of investment allowed by Bangladesh Bank to the affected businesses during COVID-19 would help them remain and not become overdue/CL. 6
- c. What is provision against classified investment? Explain the existing provisioning system. 7
- 3) a. Discuss the different process of calculation of working capital requirement. Differentiate between Gross Working Capital and Net Working Capital of industrial concern. 10
- b. What are the main components of NPI? Point out the preventive & remedial measures for NPI. 5
- c. What is Capital Budgeting? Describe the basic principles of capital budgeting. 5
- 4) a. Write about Document Verification Certificate (DVC), Material Documents & Less Material Documents with example. How does documentation contribute to safe-guard bank's investment? Discuss. 10
- b. What is Charge Creation? Define the methods of creating charge on different securities. 6
- c. Distinguish between Bank Guarantee and Indemnity. 4
- 5) a. How the analyses of financial ratios help to evaluate the financial health of an investment client? Name some common ratios mentioning their purpose. 8
- b. The Balance Sheet of ABC Ventures Ltd. as on 31st December 2021 has been presented below: 12

Liabilities & Equity	Amount (Tk.)	Assets	Amount (Tk.)
Accounts Payable	2,00,000	Cash Book	80,000
Bills Payable	1,00,000	Accounts Receivable	2,00,000
10% Bonds	8,40,000	Bills Receivable	20,000
Share Capital	5,00,000	Inventory	4,80,000
Retained Earnings	60,000	Machinery	7,00,000
General Reserve	80,000	Land & Building	3,00,000
Total Liabilities & Equity	17,80,000	Total Assets	17,80,000

Additional Information: Annual sales Tk.50,00,000, Cost of Goods Sold Tk.42,00,000 & Tax rate 30%.

Required: Calculate the following ratios for the year 2021.

- i) Current Ratio
- ii) Acid Test Ratio
- iii) Return on Asset
- iv) Debt on Equity Ratio
- v) Inventory to Working Capital Ratio
- vi) Proprietary Ratio

- 6) a. Describe the process of mortgage formalities & creation of charge with the Registrar of Joint Stock Companies & Firms (RJSC). 7
- b. What is the importance of valuation of mortgage property? Describe the policy of valuation as per Bangladesh Bank Guidelines. 7
- c. Describe the importance of client rating. How does it impact on the capital adequacy? 6
- 7) a. Describe the main features of Post Import Facility (PIF) & Forced PIF since introduced by the Bangladesh Bank. 8
- b. Evaluate the advantage of stimulus package & refinance of Bangladesh Bank for the affected businesses during COVID-19. 6
- c. What are the Investment Risk Mitigation Strategies? Describe the role of managing investment risk with appropriate Management Information System (MIS). 6
- 8) Write short notes on **any 05 (five)** of the following: 5x4=20
- a. Venture Capital Finance
 - b. UPAS Facility
 - c. Gestation Period & Moratorium Period
 - d. Green Finance
 - e. CRAR
 - f. Risk Weighted Assets
 - g. CRR & SLR
 - h. Start Up Fund

The End