

**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
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|---------------------------------------|--|
| 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 |