

International Islamic University Chittagong (IIUC)

Department of Economics & Banking

Mid-Term Examination: Autumn-2022

Program: BSS (Honors) in Economics & Banking

Course Code: BNKG-3605

Course Title: Bank Fund Management

Time: 1.5 Hours

Full Marks: 30

Answer the following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.

1. a) "Deposit is the core component of bank fund", justify this statement. 3 CLO- Evaluate
- b) What are the different types of deposit accounts available, and explain the benefits and drawbacks of each? 7 3 Understand
2. a) How does a bank's balance sheet differ from its income statement, and what information can be gleaned from each of these statements? 4 CLO- Analyze
01
- b) From the financial statement of ABC Bank Ltd, fill up the required information: 6 Apply

Particulars	2021
Interest income	12087
Interest paid on deposits and borrowings	???????????
Net interest income	4463
Income from investments	306
Commission, exchange and brokerage Income	???????????
Other operating income	375
Total operating income	6257
Rent, Taxes, Insurance, Electricity etc.	573
Shariah Supervisory Committee's Fees & Expenses	0
Zakat Expenses	17
Salaries and allowances	???????????
Legal Expenses	31
Postage, Stamps, Telecommunication etc.	19
Stationery, Printing, Advertisement etc.	58
Directors' Fees and Expenses	4
Salary and allowances paid to Managing director/Chief Executive	18
Auditors' Fee	1
Depreciation and Repairs to Bank's Assets	428
Other Expenses	397
Total operating expenses	4454
Operating Profit	???????????
Profit before provision	1803
Specific provision (Loan and Advances)	23
General Provision	24
Off balance sheet items	128
Provision for Impairment of Client margin loan	21
Diminution in value of investment	7
Others Provision	3
Special general provision - COVID-19	237
Provisions for startup	-13
Total provision	429
Profit for the year before taxation	???????????
Current Tax	716
Deferred tax	-134
Provision for tax	582
Net profit after tax for the year	???????????

3. a) Distinguish between price risk and reinvestment risk, with examples. 3 CLO- Analyze
02
 - b) How does interest rate sensitivity impact the asset and liability management of banks, and what data can be used to evaluate this risk? For example, how would a bank's net interest margin be affected by a 1% increase or decrease in interest rates, and what data would be needed to calculate this impact? 4 Apply
 - c) How do banks use interest rate gap analysis and duration gap analysis to manage their interest rate risk, and what data is needed to perform these analyses? 3
- OR
- a) Distinguish between duration and convexity. 2 CLO- Analyze
02
 - b) Explicate the impact of interest rate change on Bank's net worth with example. 8 Apply