

International Islamic University Chittagong (IIUC)

Department of Economics & Banking

Final Examination: Spring-2018

Program: BSS(Honors') in Economics & Banking

Course Code: BNKG-4705

Course Title: Credit Management

Time: 2.5 Hours

Full Marks: 50

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

1. (a) What do you mean by financial statement analysis? 2
(b) State the limitations of financial statement analysis with examples. 3
(c) What are the objectives of financial statements analysis? Explain. 5
2. (a) Classify the different types of cash flow with example (s). 5
(b) Illustrate a cash flow statement. Why do you find it necessary that borrower should maintain sufficient cash balance? 5
3. (a) Define documentation. Explain the features of a good documentation process. 5
(b) There are so many ways to create charge on the borrower, discuss different ways of creating charge. 5
4. (a) Do you support credit risk monitoring? If yes, why? 5
(b) Suppose you are assigned to monitor an existing loan customer of the Bank, discuss how you will monitor that customer. 5
5. (a) What is non-performing loan? What are the causes of NPL in Bangladesh? 5
(b) What are the costs of NPL? What are the processes of NPL management? 5
6. (a) Explain the concepts of following contents and mention their explanations to a credit analyst before lending with example (any five):- 2*5
 - i) Current Ratio
 - ii) Quick Ratio
 - iii) Debt-Equity Ratio
 - iv) Receivables Turnover Ratio
 - v) Inventory Turnover Ratio
 - vi) Payables Turnover Ratio
 - vii) Profit Margin
 - viii) Operational Cash-flows
7. Short Notes (any two)2*5 10
 - (a) Specially Mentioned Account (SMA);
 - (b) NPL Provisioning;
 - (c) Loan Classification;
 - (d) Loan Syndication; and
 - (e) Early Warning Signals.