International Islamic University Chittagong

Department of Economics & Banking

Final Examination: Spring-2018

Program: BSS (Honors)

Course Code: BNKG-2402 | Course Title: Commercial Banking

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) Differentiate between loan and investment with example. 2
   (b) "Bank loans have some unique features according to purpose, usage and nature." Support this statement with example. 4
   (c) Suppose that you have been recently appointed as a credit analyst of City Bank Ltd. According to your duty you are asked to make a report on borrower. Design how you will make this report. 4
2. (a) "A loan policy is a necessity for a bank if its goal is to attain its objectives and also serve the public." - Justify the statement. 2
   (b) Assume that you are a credit officer of Bank Asia Ltd. You are assigned to scrutinize the characteristics of business that are suitable to get loan from your bank. Rank the characteristics for your bank. 4
   (c) Imagine that you are requested to prepare sound lending policies for Eastern Bank Ltd. Construct the sound lending policies for the Eastern Bank Ltd. 4
3. (a) Distinguish between import and export financing with example. 2
   (b) Suppose that you are doing an export oriented business. From Malaysia you have received an export order. Elucidate how your bank will help you in this order. 4
   (c) Compare among different types of letter of credit with example. 4
4. (a) Briefly discuss about Islamic banking history. 2
   (b) "Islamic banking system has some uniqueness over conventional banking system."- Justify the statement. 4
   (c) Elucidate the modes of financing of Islamic bank with example. 4
5. (a) Differentiate between risk and uncertainty with example. 2
   (b) Examine how interest rate risk affects the bank and how it is measured and controlled. 4
   (c) "Market risk of bank comes in various forms." – Justify the statement with its measurement and control. 4
6. (a) "Problem loan is a sickness of bank"- Give your opinion. 2
   (b) Formulate the process of identification of problem loan. 4
   (c) Suppose that you are assigned to find out the problem loan indicators of Sonali Bank Ltd. Categorize the indicators of problem loan of Sonali Bank Ltd. 4
7. (a) State some indicators of liquidity risk of a bank. 2
   (b) "Credit risk probably happens due to inefficient management of credit department." – Justify this statement with its dimension and control. 4
   (c) Distinguish between paid against document and loan imported merchandise financing. 4