

International Islamic University Chittagong

Department of Economics & Banking

Semester Ending Examination, Autumn-2024

Program: BSS (Hons) in Economics & Banking

Course Code: BNKG-3605

Course Title: Bank Fund Management

Time: 2 hours 30 minutes

Full Marks: 50

[Answer any five of the following questions. Figures in the right margin indicate full marks.]

QN	Description of Questions	Marks	CLOs & PLOs	Cognitive learning																					
1(a).	Explain why financial institutions face liquidity crises and identify liquid funds' key suppliers and demanders.	5	CLO3 & PLO3	Evaluating																					
1(b).	The XYZ Bank has the following transactions: Incoming deposits: \$1800 Acceptable loan requests: \$1200 Revenues from non-deposit services: \$1500 Deposit withdrawals: \$1400 Customer loan repayments: \$1000 Sale of assets: \$600 Borrowings from the money market: \$3000 Repayments of borrowings for the bank: \$900 Other operating expenses: \$500 What is this bank's net liquidity position?	5		Analyzing																					
Or																									
1(a).	Explicate different strategies for liquidity managers of financial institutions with example(s).	5	CLO3 & PLO3	Applying																					
1(b).	A bank currently has the following deposits: • \$60 million in stable deposits, against which they want to keep 12% reserves • \$120 million in vulnerable deposits, against which they want to keep 35% reserves • \$70 million in "hot money" deposits, against which they want to keep 85% reserves The legal reserves for this bank are 12% of all deposits. What is this bank's liability liquidity reserve?	5		Analyzing																					
2(a).	Demonstrate the role of capital in a bank.	2	CLO3 & PLO3	Understand																					
2(b).	Differentiate among Basel I, II and III.	4		Analyzing																					
2(c).	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Assets</th> <th style="text-align: center;">Amount (TK in 000)</th> <th style="text-align: center;">Risk Level as per Basel Accord</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: center;">20</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>Treasury Security</td> <td style="text-align: center;">30</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>Balance at domestic Bank</td> <td style="text-align: center;">50</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Loans secured by first-line</td> <td style="text-align: center;">45</td> <td style="text-align: center;">50%</td> </tr> <tr> <td>Loans to the corporation</td> <td style="text-align: center;">25</td> <td style="text-align: center;">75%</td> </tr> <tr> <td>Standby letter of credit</td> <td style="text-align: center;">70</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	Assets	Amount (TK in 000)	Risk Level as per Basel Accord	Cash	20	0%	Treasury Security	30	0%	Balance at domestic Bank	50	20%	Loans secured by first-line	45	50%	Loans to the corporation	25	75%	Standby letter of credit	70	100%	4		Applying
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If the Tier 1 Capital is TK 10 and Tier 2 Capital is TK 3, calculate the bank's equity position according to the Basel Accord.																									
3(a).	Distinguish among different categories of loan quality according to the Bangladesh Bank circular.	4	CLO3 & PLO3	Evaluating																					
3(b).	Explicate different stages of the lending process.	6		Analyzing																					
4(a).	Explain the eligible securities used to determine the basis for the provision.	4		Applying																					
4(b).	Explicate different types of collateral used in loans.	3	CLO3 & PLO3	Applying																					
4(c).	As a banker, how will you identify the problem loan?	3		Applying																					
5(a).	Distinguish between CRR and SLR.	4	CLO-3	Analyzing																					
5(b).	Distinguish between CTR and STR.	3		Analyzing																					
5(c).	Identify different predicate offenses in money laundering and explain the roles of financial institutions in preventing money laundering.	3		Understand																					