

<b>CANDIDATE DETAILS</b>			
Access Number	Roll Number	For Official Use Only	Serial Number
Subject <b>LENDING: PRODUCTS, OPERATIONS AND RISK MANAGEMENT</b>			
Candidate's Name			
Father's Name			
CNIC Number			
Cell Number		E-mail	
I verify that my particulars given above are correct and I declare that I have read the INSTRUCTIONS printed in the examination booklet, and/ or given in the ISQ Examination Guidelines, violation of which would mean cancellation of my paper and debarment from appearing in future examinations.			
Candidate's Signature		Invigilator's Signature	



---

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



---

# The Institute of Bankers Pakistan

---

## ISQ Examinations Winter - 2018 Stage - II Lending: Products, Operations and Risk Management

SEAL  
BOOK  
HERE

---

Section 2  
Subjective Questions

Number of Questions: 8  
Marks: 55

---

Allotted time : 120 minutes

---



## INSTRUCTIONS FOR THE CANDIDATE

1. The candidate must abide by the ISQ Examination Guidelines sent along with the admit card.
2. The candidate must sign the booklet after verifying the particulars and should **NOT** write his/ her name or roll number etc. on any other page of the examination booklet.
3. The candidate is advised **NOT** to approach the invigilators for seeking any explanation related to the questions in the examination paper.
4. Laptops, mobile phones or any other gadgets are **NOT** permitted in the examination hall. **ONLY** non-programmable scientific calculator is allowed. If any candidate is found in possession of any restricted gadgets or items, his/ her examination paper will be cancelled immediately.
5. The candidate must ensure that the examination booklet has all the pages duly numbered. If any page is missing, damaged or not numbered, then return the booklet to the superintendent/ invigilator and obtain another booklet.
6. Write your answer **ONLY** in the given space for each question. Anything written outside the given space will not be considered for marking.
7. **ONLY** blue or black ball points are to be used.
8. The candidate must attempt **ALL** questions in the paper.

### For Official Use Only

Marks Obtained	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6	Q.7	Q.8	Total Marks	Total in words
Marker - I										
Q.C										
Scrutiny										
Re-Scrutiny										
Marker- II										

Signatures:

1. Marker - I

2. QC

3. Scrutinizer

4. Re-Scrutinizer

5. Marker – II



**Q1.**

A. What is the role of commercial banks in international trade?

(2 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

B. Discuss any two funded and two non-funded import financing facilities provided to customers by commercial banks in Pakistan.

(3 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



Q2.

A. What are the basic components of loan pricing?

(3 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

B. Explain the concept of relationship yield pricing with at least one example.

(2 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



**Q3.** Extract from the Statements of Financial Position as on 2016 and 2017 are given below:

	(PKR in Million)	
	<u>2016</u>	<u>2017</u>
Cash and Cash Equivalents	6,082	6,507
Short-term Investments	80	59
Accounts Receivable	4,583	4,437
Other Current Assets	3,648	3,262
Inventories	2,756	2,869
Current portion of Long-term Debt	870	1,524
Accounts Payable	2,434	2,268
Accrued Liabilities	6,394	5,913

Calculate the following for each year separately:

- A. Current Ratio (2 Marks)
- B. Quick ratio (2 Marks)
- C. Working Capital (1 Mark)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



---

**Q4.** Suppose you are the manager of credit administration of a bank's branch. The branch has approved a loan of Rs. 5 Million against hypothecation of current assets with a margin of 25% and a commercial property of Rs. 10 Million taken as collateral. What specific legal loan documents would you prepare and execute to safe guard the interests of the bank? (5 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---









**Q6.** Discuss the Fair Debt Collection Guidelines issued by the SBP for recovery of consumer financing facilities that are to be followed by the banks (at least five guidelines).

(10 Marks)

Lined area for writing the answer to Q6.



**Q7.**

A. What is a Collateral? Explain with an example.

(2 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

B. What are the reasons for a bank to obtain collateral?

(3 Marks)

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---





**Q8.** Discuss the areas that are addressed by a typical credit policy.

**(10 Marks)**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---







---

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



---

**THIS PAGE IS INTENTIONALLY LEFT BLANK**