

THE INSTITUTE OF BANKERS PAKISTAN

ISQ Examination (Winter-2011)

Lending: Products, Operations & Risk Management – Stage-II

Section-I

Multiple Choice Questions

Number of Questions: 30

Marks: 45

Allotted Time: 60 minutes

Section-II

Constructed Response Questions

Number of Questions: 9

Marks: 55

Allotted Time: 120 minutes

- Q.31 A) What is Cash-flow based lending and its significance?
- Q.31 B) Differentiate between Cash-flow based lending and Asset-based lending?
- Q.32 A) Describe TWO common Non-fund based facilities.
- Q.32 B) Describe THREE common Fund-based facilities, available to importers in Pakistan.
- Q.33 A) Describe the Objective and Subjective classification of NPL?
- Q.33 B) Provide at least THREE circumstances when a subjective classification will be desirable.
- Q.34 A) Define a collateral?

- Q.34 B) What are different types of collateral?
- Q.34 C) What are the attributes of good collateral?
- Q.35 As per State Bank of Pakistan's quarterly performance review of the banking system of the December 2010, gross NPLs to loan ratio has increased from 7.6% in CY07 to 14.7% in CY10. Do you think a disciplined and prudent lending culture will help control the NPLs? Support your answer with at least FOUR policy options to reduce the default ratio of lending portfolio.
- Q.36 Discuss any FIVE qualities of the security that should be observed by a banker while granting advances on the basis of securities offered by the customers.
- Q.37 Specify any FIVE points of distinction between the pledge of goods and hypothecation of goods.
- Q.38 A) Why risk management is important for financial institution and describe its benefits.
- Q.38 B) Discuss the key components of Risk Management Framework for the financial institutes.
- Q.39 Which factors would you like to consider in making lending decisions and why?
