

Time Allowed: 3 Hours

Maximum Marks:100

Date: December 7, 2024

**SME Banking
JAIBP (Specialization)**

Roll No:

Instructions:

- Attempt ALL questions;
- Answers must be neat, relevant and brief;
- In marking the answers, the examiner takes into account clarity of exposition, logic of arguments, presentation and language;
- Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- DO NOT write your Name, Access No or Roll No. etc. anywhere inside the answer script(s);
- Candidates are advised NOT to mark any of the objective answer on the Question Paper, otherwise their paper will be cancelled;
- Question Paper must be returned to invigilator before leaving the examination hall.
- Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only ONE circle must be shaded as shown below:

Correct Way: ☐ A ☒ B ☐ C ☐ D **(Choice B is selected)**

Incorrect Ways: ☐ A ☒ B ☒ C ☒ D

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(55 Marks)

Q1.

A. Enlist any **FIVE** banking/ financial products and services used by SMEs. **(05 Marks)**

B. There are number of challenges faced by SMEs in Pakistan; one of which is Lack of Separation of Ownership from Control. Enumerate how Lack of Separation of Ownership from Control is a challenge for SMEs and also state other issues/problems which emerge from the said challenge. **(08 Marks)**

Q2. State Bank of Pakistan has developed Prudential Regulations for SMEs, which work as a guiding principle for the banks. SBP time to time amend the regulations based on market dynamics. Briefly state the “Limit on Clean Facility” as outlined in the SME R-4 regulation by the State Bank of Pakistan. **(04 Marks)**

Q3. SMEs have important operational needs that banks can meet with non-lending products. Briefly explain four such non-lending products. **(10 Marks)**

Q4. Naseem Foods is a food exporter from Pakistan. Data presented below is extracted from financials for FY24 and FY23. **(09 Marks)**

Description	FY 2024	FY 2023
Revenue	1,500	600
Gross profit	300	100
EBIT	200	70
Finance cost	50	30
Taxes	15	9
Net Profit	135	31
Short Term Finance	250	200
Current Portion of Long Term Maturities	15	12
Current Assets	175	150
Long Term Assets	400	375
Equity	400	465
GP Margin Industry Average	15%	12%

From the given data, calculate and interpret the following for FY24.

- a. Gross Profit Margin
- b. Capital Adequacy Ratio
- c. Interest Coverage Ratio

- Q5.** A borrower may show signs of distress, which should be closely monitored. Those early signals are categorized under several headings. List down the FIVE early warning signals under each heads of “Investing” and “Financing” activities. **(10 Marks)**
- Q6.** Marketing for SMEs is important, what SME entrepreneurs should do to capture the market share through marketing? **(9 Marks)**

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