

CME-1 Practice Test Questions and Answers

1. What is a Green Sukuk?

- A) Sukuk issued by agricultural companies
- B) Sukuk whose proceeds are used to finance environmentally sustainable projects
- C) Sukuk denominated in foreign currencies
- D) Sukuk with the shortest maturity period

2. What is 'murabaha' in Islamic finance?

- A) A profit-sharing partnership
- B) A cost-plus-profit sale where the seller discloses the cost and an agreed profit margin to the buyer
- C) An Islamic lease
- D) A donation structure

3. What is 'mudaraba' in Islamic finance?

- A) A secured loan
- B) A profit-sharing arrangement where one party provides capital (rabb ul mal) and another provides labour/management (mudarib), sharing profit but with losses borne by the capital provider
- C) A commodity swap
- D) An Islamic forward contract

4. What is 'musharaka' in Islamic finance?

- A) A pure loan structure
- B) A joint venture or partnership where all parties contribute capital and share profit and loss proportionally
- C) A lease agreement
- D) A deferred sale

Answers: 1-B 2-B 3-B 4-B

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