

Course No:  
Course title: Banking & financial  
institution  
Date: \_\_\_/04/2018  
No. of Questions: (2)  
Time: 1 hours  
Using Calculator (Yes)

University of Palestine



Midterm Exam  
Second Semester  
2017/2018  
Total Grade:

Instructor: Dr. Ahmed A. M. Al-Afifi  
Student No.: \_\_\_\_\_  
Student Name: \_\_\_\_\_  
College Name: Business and Finance  
Dep. / Specialist: Accounting-English  
Using Dictionary (No)

**Question One: State whether the following statements are true or false**

	statement	T/F
1.	Notice deposit is money deposited at a bank that can be withdrawn anytime.	
2.	A promissory note is a legally binding certificate that obliges the debtor to repay the amount of money whenever the lender ask for it.	
3.	Bank overdrafts and corporate bonds are usually unsecured loans.	
4.	The functions of the promissory departments at banks include receiving notes for collection but not for discounting.	
5.	Credit card bills and mortgage loan are a form of long-term debt.	
6.	Supplying branches with cash make main treasury in the credit side.	
7.	When the bank transfers money from his customer's current account to another account at another branch. The branch should be in the credit side.	
8.	Usually the promisor is the one who signs the promissory note for certifying the due amount as borrowed.	
9.	One of the promissory note feature is the promise to pay must be unconditional.	
10.	If the bill is dishonored by the drawee on presentation of payment, the court charges a nominal amount, which is called "Noting charges".	

**Question two:**

**What are the five C's that banks assess it when making decisions about granting loans?  
With brief explanation.**

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### Question three:

The following transactions that happened in 2016 at the Arab Bank:

1. Loans department give a short-term loan with Personal collaterals (Guarantor) amounted 7,000\$ to Amir Salem with commission 1% of the loan amount and annual interest 10% for six months.
2. Ahmed said open new saving account for his daughter and deposit 1000 NIS in.
3. Al-Amal Co. deposits cheque 50,000 NIS issued by Ali Imam who has a current account in the same branch.
4. Loans amounted 40,000\$ with tangible collaterals (Stock). commission 1%, interest 10%, cost of the stock 70,000\$, the bank paid 500\$ as assessing Expenses, 1500\$ Expenses storing.
5. Loans paid for samer amounted 60000\$ with Commercial papers, the nominal value of this papers are 100,000\$, commission 1% , interest 10%.
6. Cheques deposits from Al-Nahdah Co. amounted 480,000 NIS issued by Babel Co. who has account in BOP. The bank add the amount in their account direct without waiting clearing house.
7. The customer Amir Salem paid amount of 5,000\$ in cash, and did not repay the remaining Loan, so the bank asked the Guarantor and withdrawn the amount from current account.
8. Samer didn't repay the loan amount, and then bank sell the financial paper with 95,000 and 500\$ as a selling fee. And then, bank close the loan and deposit the remaining amount after loan and expenses to samer current account.

**Required: Record the journal entries for the transactions that took place at the Arab bank.**

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End of Questions  
*Good Luck*