AD 477 Final Exam Boğaziçi University 26.12.2017

Q (1) (35 marks) Many banks failed in the past because they were not able to manage the “Liquidity Risk” properly.

1. Define the “Liquidity Risk” of a bank (10 marks)
2. There are four different important Liquidity Risks of banks. Explain each Liquidity Risk in detail. (25 marks)

Q (2) (33 marks) The major asset of any Commercial Bank is “Loans”.

1. Explain in detail how “Loan Approval Committees” function in banks. (10marks)
2. Explain in detail the “Commercial Loan Process” (Loan Life Cycle) applied in a bank. (23 marks)

Q (3) (32 marks) Explain the following banking terminologies:

1. Acquiring Bank
2. Issuing Bank
3. Letter of Guarantee
4. Letter of Credit
5. Dollar Long Position
6. Euro Short Position
7. Interest Rate Sensitivity Gap Position
8. Basel Capital Adequecy Ratio

Answers: