



Department of Commercial Accounting

BANKING 3

BNK 33B3

November Final Assessment 2015

Time: 180 Minutes

Marks: 100

Assessor: Mr John Mabejane

External Moderator: Mrs Alta Rossouw

INSTRUCTIONS:

This paper consists of 2 pages (including the cover page).

- Answer all questions.
- Start each question on a new page.

Question	Topic	Marks	Time
1	Introduction to Risk Management	25	45 minutes
2	Interest Rate Risk Management	25	45 minutes
3	Foreign Exchange Risk Management	25	45 minutes
4	Credit Risk Management	25	45 minutes
		<hr/> 100 <hr/>	<hr/> 180 <hr/>

ESSAYS AND DISCUSSION QUESTIONS

1. Outline and critically discuss the process of risk management 25 marks
2. Write an essay discussing interest rate risk, how it is managed and the role of ALCO in management of this risk 25 marks
3. Write an essay about currency risk among others discussing different types of currency, what causes the risk and how it is managed in a banking environment. 25 marks
4. Principle 4 of credit risk management states that, bank must operate under a sound credit granting process:
Critically discuss what credit risk is and further critically discuss what the principle stated above entails 25 marks