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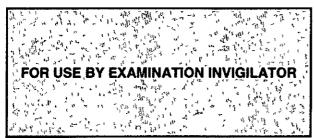


BAN2602

OCTOBER/NOVEMBER 2017

BANKING: INTRODUCTION TO TREASURY MANAGEMENT

STUDENT N	JMBER		
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 IDENTITY NU	JMBER		
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BANKING Introduction to Treasury Management

Subject

Number of paper

Date of examination

Examination centre

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WARNING

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BAN2602

October/November 2017

Banking: Introduction To Treasury Management

Duration

2 Hours

70 Marks

EXAMINERS

FIRST SECOND MS R DU RANDT MR K DE JENGA

Use of a non-programmable pocket calculator is permissible

Closed book examination

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This paper consists of 10 pages.

Answer all 7 questions on the examination paper in the space provided.

Show all calculations.

Question 1 [15]

(a) The Tshwane Bank has incoming deposits of R2 500, revenues from non- of R200, customer loan repayments of R1 200, the sale of assets of R500 from the money market of R3 000	-deposit services) and borrowings
At the same time, they had deposit withdrawals of R1 800, acceptable R1 400, repayments of borrowings for the bank of R800 and other opera R400 Calculate the net liquidity position of this bank	loan requests of ting expenses of (6)
	_
	The state of the s
(b) The Tshwane Bank currently has net interest margin (NIM) of 3% [(R6 million/ R700 million = 3%] If revenues and expenses double while increase by 100%, calculate the new NIM	3 million – R42 earning assets (3)
	Nagadirana and a

a	ctivities that are part of treasury management (6
	THE
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One:	stion 2 [10
(a) (b)	Define and explain the concept financial derivative (3 Define a Credit Default Swop (CDS) and provide the reason why a Treasury Manage
	will use such an instrument (3
(c)	What are the sources of credit risks for banks? (4
(a)	

(b)	

/a\	
(c)	
	:
Question 3	[20]
(a) Explain the trade-offs banks face when they consider holding high-yield securities	(6)

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			· · · · · · · · · · · · · · · · · · ·		
A treasury	bill currently	sells for R9 8	345, has a face	value of R10 000 a	nd has 46 day
A treasury	bill currently alculate the ba	sells for R9 8 ank discount	345, has a face rate on this secu	value of R10 000 a unity	and has 46 day
A treasury maturity Co	bill currently alculate the ba	sells for R9 { ank discount	345, has a face rate on this secu	value of R10 000 a urity	
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A treasury	bill currently alculate the bi	sells for R9 {	345, has a face rate on this seci	value of R10 000 a	and has 46 d

(d) In each of the scenarios below, state whether the Rand exchange rate is likely to

appreciat	e or depreciate Fill in your choice in the space provided	(4)
A	Inflation increases	
В	Unemployment decreases	
С	Money supply increases far above target ranges	
D	The balance of payments worsens	
	all risk measures fails, what is the ultimate defense against risk in banking?	(1)
Question	4	[10]
	the principal reasons why banks are normally subject to strict regulation le five (5) fundamental objectives of bank regulation	and (10)

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Question 5

[6]

 (a) Explain the concept of liquidity in the international financial market (b) Describe the balance of payments of a country (c) Name two assets that are normally included in the foreign reserve assets of a content of the foreign reserve assets of a content of the foreign reserve. 	(2) (3) puntry (1)
(a)	
(b)	
	<u></u>
(c)	

Question 6	[4
Consider the following exam	ple of a bond
Principal Coupon rate Coupon payment date Issue date Maturity date	R1 000 000 10% annually 30 September 1 October 2008 30 September 2016
(b) Calculate the runni (c) Calculate the Yield	al income on the bond ng yield if the bond is bought at R1 080 000 to Maturity (YTM) I differ from the running yield?
(a)	
(b)	
(c)	
(d)	
Question 7	[5]
How can the yield curve sell?	help a treasury manager choose which securities to acquire or

•	

End of examination paper

TOTAL MARKS: 70

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