



**Course: BANKING 2B (Diploma)**

**Marks: 100**

**Time: 2 hours**

**Assessors: J MABEJANE**

**Moderator: MRS Lepheana**

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1. The paper consists of 5 questions
  2. Answer all the questions.
  3. Number of pages: 4 pages including this page
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**Question 1****8 Marks**

Mr Tregre decides to invest some funds amounting to R56, 000,000 into a Treasury Bills, he goes into the market and establishes that South Treasury department offers a treasury bill at discount rate of 18 percent offered for 91 days:

**Calculate:**

- 1.1 The discount amount (2)
- 1.2 Consideration (2)
- 1.3 Price of this instrument as a percentage (2)
- 1.4 The yield of this instrument. (2)

**Question 2****12 Marks**

Mr Cunta decides to buy an NCD with a nominal value of 75,000,000 issued at an interest of 18% for 182 days.

- 2.1 Calculate the maturity value of this investment and the profit/proceed/added Value on this instrument. (3)

Assume that the NCD is sold after 83 days when the market rate has dropped to 13%:

- 2.2 Calculate consideration/proceeds in the secondary market (3)

Mrs Cronje goes to FNB to scout for investment opportunities, the FNB investment Banker tells her that she will be given 1,590,000 after 3 years if she invests 1,587, 000. Assume the market rate is 12%.

- 2.3 Assess whether this is a good investment assuming daily compounding. (6)

**Question 3****6 Marks**

A bond is traded with trade details as follows

**Nominal amount: R18 000,000.00**

**Coupon rate: 22%**

**Coupon payment days: 30<sup>th</sup> June and 30<sup>th</sup> December**

**Register closes: April 10<sup>th</sup> and 10<sup>th</sup> October**

**Assume the bond is settled on the 17 July**

3.1 Indicate whether the bond is trading cum-interest or ex-interest justify your answer (3)

3.2 Assume that all in price is 100% calculate the Clean Price (3)

**Question 4****9 Marks**

**Assume Mr Jenky a treasury dealer at Misha holdings based in South Africa wants to buy 1500 shares of IBM denominated in dollars and each share 55 USD. Further assume that his bank treasury dealer shows the following quotes on the day:**

**USD/JPY: 6, 0030 /6, 0050**

**JPY/RAND: 4, 0270/ 4, 0275**

**Calculate the spread between the following currencies:**

4.1 A dollar and a Japanese Yen (2)

4.2 A dollar and a Rand (3)

4.3 How much does Mr Jenky have to pay for the shares in Rands (4)

**Question 5****65 Marks**

5.1 Outline and discuss any five types of bonds issued by the corporate sector (10)

5.2 Discuss the theories of the yield curve (10)

5.3 Discuss theories of Exchange rate determination (10)

- 5.4 Outline and discuss the factors determining interest rates on Bonds (15)
- 5.5 Discuss the determinants of price of shares (12)
- 5.6 Discuss any four methods of trading shares used by JSE (8)