
Overview of the Financial Environment

Dagmar Linnertová

Dagmar.linnertova@mail.muni.cz

Office 408

Contents

- The Role of Financial Markets and Institutions
 - Debt and Equity
 - Money Market
 - Capital Market
 - Commodities
-

The Role of Financial Markets and Institutions

- A financial markets
 - Market with assets (securities, financial instruments)
 - Sell and buy ...
 - Transfer of funds...
 - Deficit subjects
 - Surplus subjects
 - Financial Market: a market in which financial assets (securities) such as stocks and bonds can be purchased or sold
 - Financial intermediation – financial savings to investments
 - Payment system
 - Means of manage risk
-

Role of Financial Markets

- Transfer funds from those who have excess funds to those who need funds.
 - Students – student loan
 - Families – mortgages
 - Business – finance they growth
 - Government – finance their expenditures
 - One side supply funds, the other side demand funds
 - Earn a return but only if fund is available in financial market
-

Role of Financial Markets

- Surplus units – lenders, investors
 - Receive more money than they spend
 - Deficit units – borrowers
 - Spend more money than they receive
 - This relation is formally organized by securities
 - Agreement between lender and borrower
 - Claim on the issuer
-

Financial cycle of an individual



Main categories of financial instrument

- **Debt**
 - **Equity**
 - Derivative
 - Currency
 - Commodity
-

Debt securities

- ❑ Represent debt incurred by issuer – credit, borrowed funds
 - ❑ Deficit units issue the securities to surplus units and...
 - ❑ ...pay interest to surplus unit on a periodic basis (such as every six months) – only for coupon bond
 - ❑ Characteristics:
 - Maturity date
 - Face value
 - Interest rate (fixed or variable)
 - ❑ Kinds
 - Coupon bond
 - Discount bond (zero coupon bond)
-

5 1/4% REPAYABLE 15TH NOVEMBER, 1987

COMMONWEALTH OF AUSTRALIA
Treasury Bond

TRANSFERABLE BY
DELIVERY

ISSUED UNDER THE COMMONWEALTH
INSCRIBED STOCK ACT 1911-1963.

\$20

5 1/4% DEF 001067 \$20

This Bond entitles the Bearer to the payment, at the Reserve Bank of Australia at Canberra, Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, or Launceston of
— TWENTY DOLLARS — *together with interest thereon at the rate of*
FIVE AND ONE QUARTER *per centum per annum in accordance with attached coupons,*
and such sums are secured on the Consolidated Revenue of the Commonwealth of Australia.
Principal is repayable on the FIFTEENTH DAY OF NOVEMBER, ONE THOUSAND NINE HUNDRED AND EIGHTY SEVEN.

Dated this 14th day of February, 1966.

Roland Wilson
SECRETARY TO THE TREASURY.

1987

PRINTED BY THE AUTHORITY OF THE GOVERNMENT OF THE COMMONWEALTH OF AUSTRALIA

COMMONWEALTH OF AUSTRALIA TREASURY BOND
INTEREST COUPON

5 1/4% DEF 001067 41

INTEREST FOR SIX MONTHS 15TH MAY, 1986
ON \$20
REPAYABLE 1987 \$0.52

COMMONWEALTH OF AUSTRALIA TREASURY BOND
INTEREST COUPON

5 1/4% DEF 001067 42

INTEREST FOR SIX MONTHS 15TH NOV., 1986
ON \$20
REPAYABLE 1987 \$0.53

COMMONWEALTH OF AUSTRALIA TREASURY BOND
INTEREST COUPON

5 1/4% DEF 001067 43

INTEREST FOR SIX MONTHS 15TH MAY, 1987
ON \$20
REPAYABLE 1987 \$0.52

COMMONWEALTH OF AUSTRALIA TREASURY BOND
INTEREST COUPON

5 1/4% DEF 001067 44

INTEREST FOR SIX MONTHS 15TH NOV., 1987
ON \$20
REPAYABLE 1987 \$0.53

Equity securities

- Represent equity or ownership in the issuer – stocks
 - Common stocks
 - Which are claims to share in the net income (income after expenses and taxes) and the assets of a business.
 - If you own one share of common stock in a company that has issued one million shares, you are entitled to 1 one-millionth of the firm's net income and 1 one-millionth of the firm's assets.
 - Equities often make periodic payments to their holders
 - Dividends (if the shareholders' meeting approves)
 - They are considered long-term securities because they have no maturity day.
 - Priority stocks (cumulative priority stocks)
-

DEC 30 1903

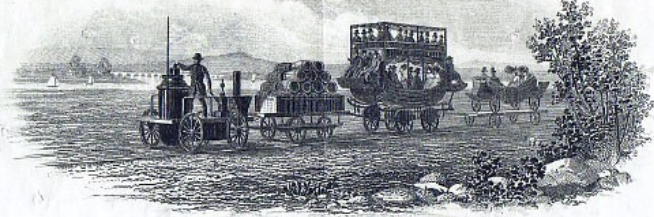
COMMON STOCK

NUMBER

D34422

SHARES

10



The Baltimore and Ohio Railroad Company

Incorporated by the State of Maryland, February 28, 1827.

This Certifies that *Goldsmith, Wolf & Co.*

TEN

the owner of _____ shares of the par value of One Hundred Dollars each, full paid and non-assessable, of the Common Capital Stock of The Baltimore and Ohio Railroad Company, transferable only on the books of the Company at its transfer office by the holder hereof in person or by duly authorized attorney upon the surrender of this certificate. The holders of Preferred Capital Stock to the amount of Sixty Million Dollars (\$60,000,000) now issued and such additional amounts as may be lawfully issued from time to time by the President and Directors of the Company pursuant to the resolutions of the stockholders duly adopted (April 11, 1899) are entitled to receive in each year out of the surplus net profits of the Company for the current year such yearly dividend (non-cumulative) as the Board of Directors of said Railroad Company may declare up to but not exceeding four per centum before any dividends shall be set apart or paid upon the Common Stock. In Witness Whereof, the said Company has caused this Certificate to be signed by its duly authorized officers this

OCT 19 1903

JUL 20 1903

THE BALTIMORE TRUST COMPANY

REGISTERED AND AUTHORIZED

ASSISTANT SECRETARY

J. Lee

E. Devereux

TRANSFER AGENT

J. Lee
W. Black

VICE PRESIDENT

ASST. SECRETARY

Trustees and Cashier
Bank Note Co. New York

SHARES \$100 EACH

Role of Financial Markets

- Advantages and disadvantages
 - Debt vs. equities
 - Disadvantages of equities
 - Equity holder is **residual claimant**
 - Dividend is not tax deductible, expensive form of the capital
 - Advantages of equities
 - Holders benefit **directly** from any increases in the corporation's profitability or asset value
-

Type of Financial Markets

■ Money versus Capital Markets

- Short-Term, < 1 Year
- High Quality Issuers
- Debt Only
- Primary Market Focus
- Liquidity Market--Low Returns

- Long-Term, >1Yr
 - Range of Issuer Quality
 - Debt and Equity
 - Secondary Market Focus
 - Financing Investment--Higher Returns
-

Type of Financial Markets

■ Primary versus Secondary Markets

- New Issue of Securities
 - Exchange of Funds for Financial Claim
 - Funds for Borrower; an IOU (I owe you) for Lender
 - Trading Previously Issued Securities
 - No New Funds for Issuer
 - Provides Liquidity for Seller (market makers, electronic networks, etc.)
-

Type of Financial Markets

- Securities brokers and dealers are crucial to a well-functioning secondary market
 - Brokers
 - Dealers



Type of Financial Markets

- ❑ **Stock Exchange**
 - ❑ Visible Marketplace
 - ❑ Members Trade
 - ❑ Securities Listed
 - ❑ New York Stock Exchange
 - ❑ NASDAQ (2006)
 - ❑ **OTC**
 - ❑ Wired Network of Dealers
 - ❑ No Central, Physical Location
 - ❑ All Securities Traded off the Exchanges
 - ❑ Forex
 - ❑ Because over-the-counter dealers are in computer contact and know the prices set by one another, the OTC market is very competitive and not very different from a market with an organized exchange.
-

<HELP> for explanation.

<Menu> to Return

Quick Search <Exchange Name> 1) Advanced Search 2) News Time Display Exchange Profile

Global > Americas > United States

New York Stock Exchange

5) International Se 5) General 6) Trading 7) Market Data 8) Condition Codes 9) Events

58) Kansas City Boar 11 Wall Street, New York, NY 10005 Phone
59) Miami Internatio 212-656-3000

| General Information | | Equity | Asset Details |
|---------------------|-------------------|-------------------|------------------------|
| Country | United States | Composite Code | US |
| Region | North America | 13)Exchange Code | UN |
| 10)Website | www.nyse.com | Trading Currency | US Dollar |
| Acronym | NYSE | Open Time* | 15:30 |
| 11)Parent Exchange | NYSE-Arca-Amex | Close Time* | 22:00 |
| 12)CDR Code | NY | Settlement Cycle | T+3 |
| MIC Code | XNYS | 14)Entitlement ID | 14003 |
| ISO Code | US | Round Lot | 100 |
| Trading Days | Mo/Tu/We/Th/Fr | Closing Price | Official Closing Price |
| Time Zone | EST | Sample Security | C UN Equity |
| Data Delivery Type | Real-time | 15)Turnover | NYSEVALU Index |
| Alt. Trading System | ECN | 16)Trading Volume | VOLU Index |
| Trading Venue | Standard Exchange | | |
| Inception Date | 1792 | | |
| TRADEBOOK | Yes | | |
| SSEOMS (Equity) | Yes | | |
| TOMS (Fixed Inc) | Yes | | |
| B-PIPE | Yes | | |
| Exchange Ticker | ICE US Equity | | |

(P): Parent Exchange

*Time display: current TZDF

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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NASDAQ Capital Market

- 57) International Se
- 58) Kansas City Boar
- 59) Miami Internatio
- 60) Minneapolis Grai
- 61) NASDAQ Capital
- 62) NASDAQ Global
- 63) NASDAQ Global S
- 64) NASDAQ InterMar
- 65) NASDAQ OMX BX
- 66) NASDAQ OMX Fut
- 67) NASDAQ OMX PH
- 68) NASDAQ OMX PS
- 69) NASDAQ Options
- 70) NASDAQ OTC
- 71) National Stock E
- 72) New York Merca
- 73) New York Stock
- 74) NYSE Arca
- 75) NYSE Liffe US
- 76) NYSE MKT
- 77) One Chicago
- 78) OTC Bulletin Boa
- 79) OTC Markets
- 80) SharesPost Mark

5) General 6) Trading 7) Market Data 8) Condition Codes 9) Events

One Liberty Plaza, 165 Broadway
New York, NY 10006

Phone
1-212-401-8700

| General Information | | Equity | Asset Details |
|----------------------|------------------------|-------------------|------------------------|
| Country | United States | Composite Code | US |
| Region | North America | 14)Exchange Code | UR |
| 10)website | www.nasdaq.com | Trading Currency | US Dollar |
| 11)Parent Exchange | NASDAQ OMX | Open Time* | 15:30 |
| 12)CDR Code | N7 | Close Time* | 22:00 |
| MIC Code | XNCM | 15)Entitlement ID | 14005 |
| ISO Code | US | Round Lot | 100 |
| Trading Days | Mo/Tu/We/Th/Fr | Closing Price | Official Closing Price |
| Time Zone | EST | Sample Security | OXGN UR Equity |
| Data Delivery Type | Real-time | | |
| Trading Venue | Standard Exchange | | |
| TRADEBOOK | No | | |
| SSEOMS (Equity) | Yes | | |
| B-PIPE | Yes | | |
| Exchange Ticker | NDAQ US Equity | | |
| 13)Exchange Rulebook | nasdaq.cchwallstreet.c | | |

(P): Parent Exchange

*Time display: current TZDF

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<Menu> to Return

Quick Search <Exchange Name> 1) Advanced Search 2) News Time Display Exchange Profile

Global > Americas > United States

NASDAQ Capital Market

5) General 6) Trading 7) Market Data 8) Condition Codes 9) Events

| Equity | Session Name | Start* | End* | Notes |
|--------|---------------------------|--------|-------|-------|
| | Preopening | 10:00 | 15:30 | |
| | Continuous Trading Period | 15:30 | 22:00 | |
| | After Hours | 22:00 | 02:00 | |

*Time display: current TZDF

Notes

Section Search

N/A

(P): Parent Exchange

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Quick Search <Exchange Name> 1) Advanced Search 2) News Time Display Exchange Profile

Global > Americas > United States

NASDAQ OTC

5) General 6) Trading 7) Market Data 8) Condition Codes 9) Events

58) Kansas City Boar One Liberty Plaza, 165 Broadway Phone
59) Miami Internatio New York, NY 10006 1-212-401-8700

General Information

Equity

Asset Details

| | |
|--------------------|----------------------|
| Country | United States |
| Region | North America |
| 10)Parent Exchange | NASDAQ OMX |
| 11)CDR Code | EX |
| MIC Code | OTC |
| ISO Code | US |
| Trading Days | Mo/Tu/We/Th/Fr |
| Time Zone | EST |
| Data Delivery Type | Real-time |
| Trading Venue | OTC-Over the Counter |
| TRADEBOOK | No |
| SSEOMS (Equity) | Yes |
| B-PIPE | Yes |

| | |
|-------------------|------------------------|
| Composite Code | US |
| 12)Exchange Code | UV |
| Trading Currency | US Dollar |
| Open Time* | 12:00 |
| Close Time* | 23:00 |
| 13)Entitlement ID | 14005 |
| Closing Price | Official Closing Price |
| Sample Security | RUBNF UV Equity |

(P): Parent Exchange

*Time display: current TZDF

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
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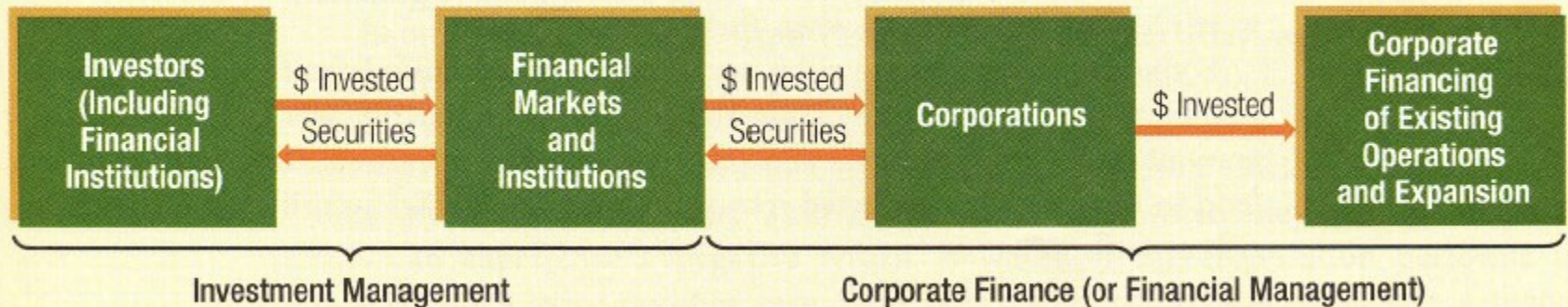
How Financial Markets Facilitate Corporate Finance

- Three segments of finance
 - Corporate finance
 - How much funding to obtain and how to invest a proceeds to expand their operation
 - Banks
 - Capital market
 - Investment management
 - Make a decision about form of financing and investing
 - Debt vs. Equity financing or investing – investment banks
 - Financial markets and institutions
 - Attract fund from investors and channel the funds to corporation
 - Money market – borrow on short term basis
 - Support existing operations
 - Capital market – obtain long term funds
 - Support corporate expansion



How Financial Markets Facilitate Corporate Finance

Exhibit 1.1 How Financial Markets Facilitate Corporate Finance and Investment Management



- *Source: Madura, J.: Financial Markets and Institutions, 9th Edition*

IBM US \$ Market P180.53 / 185.44P 2x4
 Prev 182.79 Vol 5,699,331

IBM US Equity 1) Create Report 2) Output to Excel Weighted Average Cost of Capital

International Business Machines Corp Period MR 2013 Q4 Filing MR

Cost of Capital - Current Market Value

| | Weight | Cost | W x C |
|---------------------|--------|------|-------|
| 3) Equity | 83.7% | 9.9% | 8.3% |
| 4) Debt Cost (A-T) | 16.3% | 2.3% | 0.4% |
| 5) Preferred Equity | 0.0% | 0.0% | 0.0% |
| WACC | | | 8.7% |

Capital Structure (Millions of USD)

| | | |
|------------|-----------|--------|
| Market Cap | 203,673.6 | 83.7% |
| ST Debt | 6,862.0 | 2.8% |
| LT Debt | 32,856.0 | 13.5% |
| Pref. Eqty | 0.0 | 0.0% |
| Total | 243,391.6 | 100.0% |

6) History

WACC EVA ROIC EVA Spread



Economic Value Added (Millions of USD)

| | |
|-----------------------------|-----------|
| 7) Net Operating Profit | 19,262.00 |
| 8) Cash Operating Taxes | 1,054.41 |
| NOPAT | 18,207.59 |
| 9) Total Investment Capital | 81,159.00 |
| Capital Charge | 7,046.38 |
| Economic Value Added | 11,161.21 |
| ROIC | 22.43% |
| EVA Spread | 13.75% |

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Securities Traded in Financial Markets

- Return
 - Expected return from investment
 - Ex post
 - Ex ante
 - Mean of return
- Risk
 - Uncertainty surrounding the expected return
 - More uncertainty surrounding the expected return more risk
 - Standard deviation or variance
 - Coefficient of variation = $\frac{\text{expected risk (standard deviation)}}{\text{expected return (mean)}}$
- Amount of liquidity
- Tax status
- Normally
 - High return with particular preference of low risk and adequate amount of liquidity

IBM US \$ C **133.77** +.69 N133.75 / 133.76N 2x11
 On 22 Feb d Vol 4,457,444 O 133.84N H 134.31D L 132.41Z Val 594.722M

IBM US Equity **1) Settings** Total Return Analysis

Buy Date 02/22/2013 Sell Date 10/12/2015 Period Daily
 Buy Price 201.09 Sell Price 151.14 Shares 1 Currency USD

Total Dividends 10.80 Gross Net 7) Commission Cost --

| Holding Strategy | | | | Total Return | Annual Eq | Gain/Loss |
|-----------------------------|-------------------|------|---------|--------------|-----------|-----------|
| Price Change | | | | -24.8396% | -10.2679% | -49.95 |
| Divs Reinvested In Security | Shares Purchased | 0.06 | | -20.0531% | -8.1411% | -40.32 |
| Divs Reinvested At | Reinvested Income | .04 | 0.3154% | -19.4272% | -7.8689% | -39.11 |

1M 3M 6M YTD [Show Dividend Events](#)



Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 SN 163608 CET GMT+1:00 H178-3705-0 23-Feb-2016 09:36:51
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IBM US \$ C 133.77 +.69  N133.75 / 133.76 N 2x11
 On 22 Feb d Vol 4,457,444 0 133.84 N H 134.31 D L 132.41 Z Val 594.722M

IBM US Equity

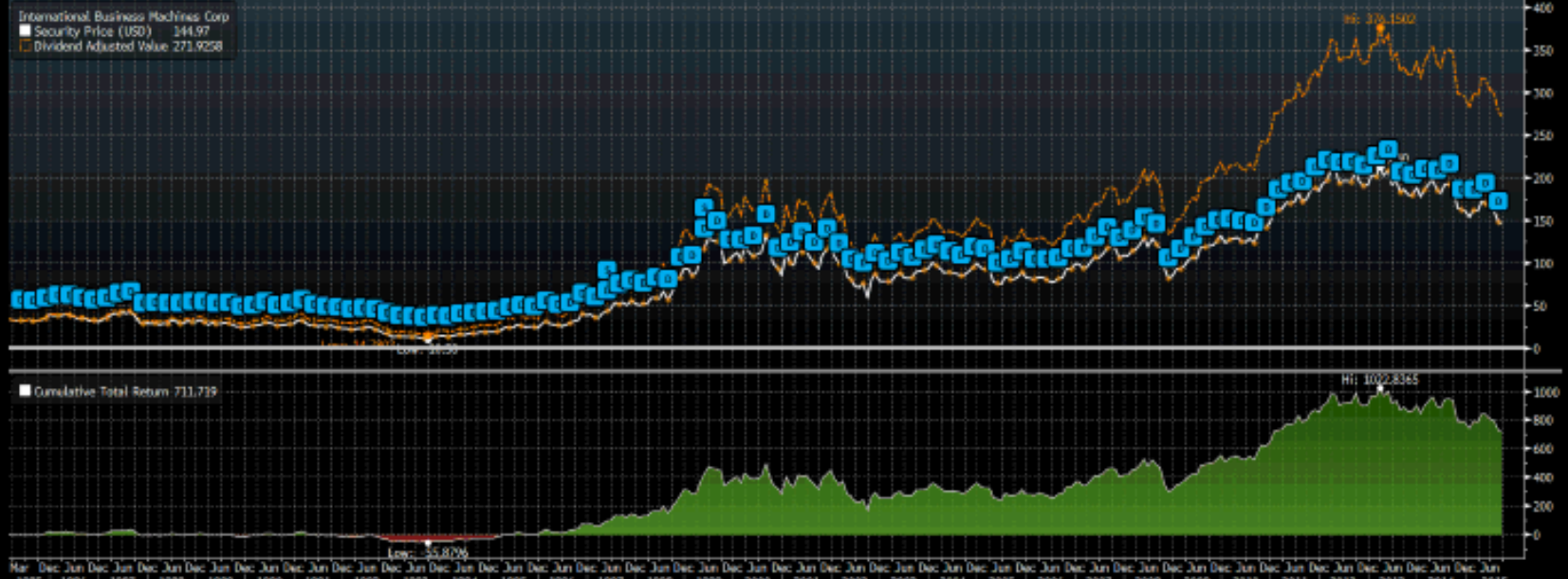
1) Settings

Total Return Analysis


| | | | | | | | |
|------------------------|------------|--|------------|-------------------------|---------|----------|-----|
| Buy Date | 02/28/1985 | Sell Date | 09/30/2015 | Period | Monthly | Currency | USD |
| Buy Price | 134.00 | Sell Price | 144.97 | Shares | 1 | | |
| 5) Adj. Price CACS » | | 33.5 | | 6) Adj. Shares CACS » | | 4.0 | |
| Total Dividends | 168.82 | <input checked="" type="radio"/> Gross <input type="radio"/> Net | | 7) Commission Cost | | -- | |

| Holding Strategy | | Total Return | Annual Eq | Gain/Loss |
|-----------------------------|-------------------|--------------|-----------|-----------|
| Price Change | | 332.7463% | 4.9031% | 445.88 |
| Divs Reinvested In Security | Shares Purchased | 711.7190% | 7.0813% | 953.70 |
| Divs Reinvested At | Reinvested Income | 467.1382% | 5.8342% | 620.33 |

1M 3M 6M YTD [Show Dividend Events](#)



| | | | | | | | | | | | | | | | | | | | | | | | |
|---|----|---|------|------|-----------|------|------|------|--------|----|-----|------|------|---------------------------------------|----|----|------|------|-----------|-----|------|------|--|
| Australia | 61 | 2 | 9777 | 8600 | Brazil | 5511 | 2395 | 9000 | Europe | 44 | 20 | 7330 | 7500 | Germany | 49 | 69 | 9204 | 1210 | Hong Kong | 852 | 2977 | 6000 | |
| Japan | 81 | 3 | 3201 | 8900 | Singapore | 65 | 6212 | 1000 | U.S. | 1 | 212 | 318 | 2000 | Copyright 2016 Bloomberg Finance L.P. | | | | | | | | | |
| SN 163608 CET GMT+1:00 H178-3705-0 23-Feb-2016 09:37:44 | | | | | | | | | | | | | | | | | | | | | | | |

IBM US \$ C **133.77** +.69  N133.75 / 133.76N 2x11
 On 22 Feb d Vol 4,457,444 O 133.84N H 134.31D L 132.41Z Val 594.722M

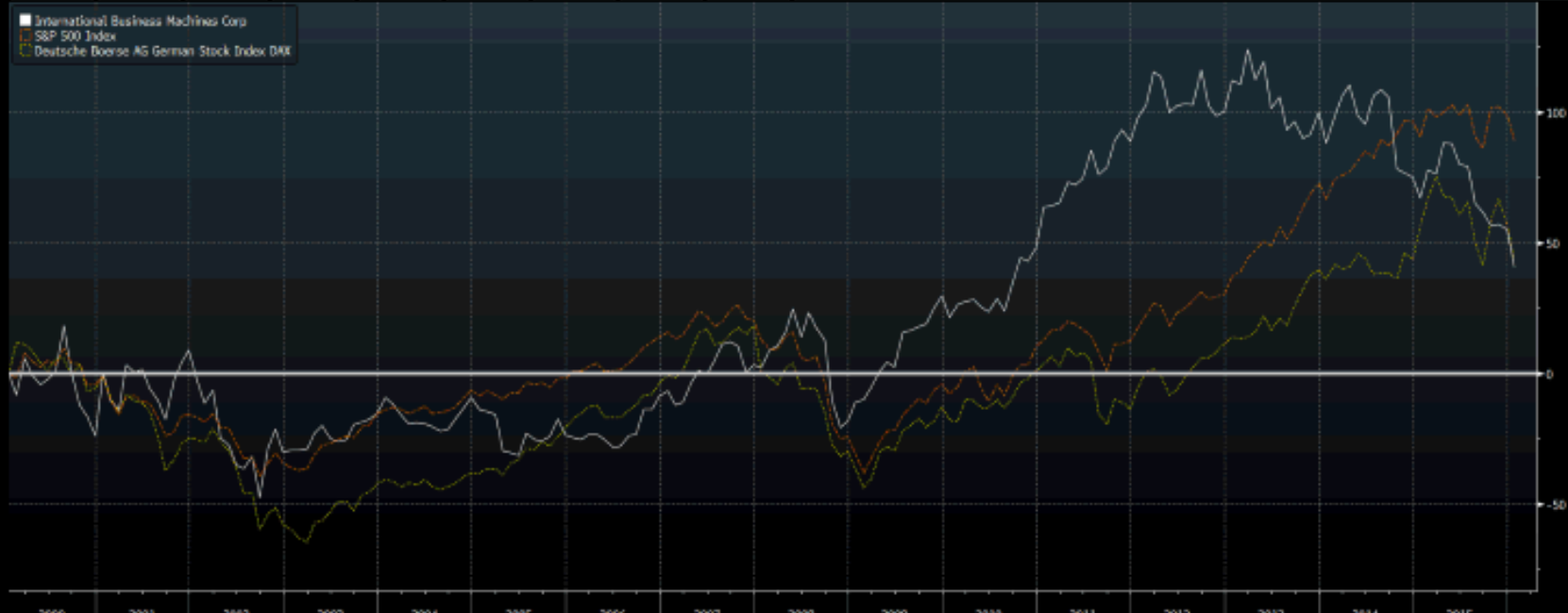
IBM US Equity 97) Settings Page 1/14 Comparative Returns

Range 01/31/2000 - 01/29/2016 Period Monthly No. of Period 192 Month(s)

| Security | Currency | Price Change | Total Return | Difference | Annual Eq |
|------------------|----------|--------------|--------------|------------|-----------|
| 1) IBM US Equity | USD | 11.17% | 40.52% | -48.52% | 2.15% |
| 2) SPX Index | USD | 39.14% | 89.04% | | 4.06% |
| 3) DAX Index | EUR | 43.34% | 43.34% * | -45.70% | 2.28% |

*No Dividends or Coupons

1M 3M 6M YTD 1Y 2Y 3Y 5Y 10Y



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 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2016 Bloomberg Finance L.P.
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Securities Traded in Financial Markets

- Money market securities
 - Only debt securities
 - Capital market securities
 - Bonds
 - Mortgages and Mortgage-Backed securities
 - Stocks
 - Derivative securities
 - Speculation
 - Speculation on movement in value of underlying assets without having to purchase those assets
 - Leverage effect
 - Hedging
 - Commodities
 - Foreign currencies
-

Money market

| | | | | | | | | | | | | |
|---------------------|--------|--------|-----------|------------|-----------|------|---------------|--------|------------|-----|------|------|
| 1) Fed Fds FOMC » | | 13:34 | US T-Bill | | EURO\$DEP | | Reverse (Bid) | | Repo (Ask) | | | |
| BID/ASK | 0.3800 | 0.4000 | 4w | 0.26 -0.01 | 0.26 | 0.26 | 3M | 0.5700 | 0.7000 | O/N | 0.55 | 0.49 |
| LST/OPEN | 0.3800 | 0.3800 | 3M | 0.31 -0.01 | 0.31 | 0.31 | 6M | 0.8000 | 0.9000 | 1w | 0.50 | 0.45 |
| HIGH/LOW | 0.3800 | 0.3800 | 6M | 0.42 +0.00 | 0.42 | 0.42 | 1Y | 1.1000 | 1.2500 | 2w | 0.50 | 0.45 |
| 8AM EFF | 0.3690 | 14:05 | 1Y | 0.44 -0.01 | 0.44 | 0.43 | | | | 1M | 0.52 | 0.48 |

| | | | | | | | | | | | |
|-----------|----------|----------------|------------|------------------------|-------|---------------------|---------|--------|-----|--------|-------|
| Dow Jones | | S&P 500 Future | | NASDAQ Composite Index | | CRB Commodity Index | | | | | |
| DJIA | 15944.46 | -222.77 | SPX Future | 1882.70 | +7.60 | CCMP | 4468.17 | -99.51 | CRB | 164.86 | +0.68 |

| | | | | | | | | | | | | | |
|---------------------------------|----------|------------|------------------------------------|-----------------------------------|----------------------------------|--------------|-------|--------------|---------|-----|--------|-----|---------|
| 2) US Bonds FIT » | | Comm Paper | | 90D EUR\$ FUT | | Funds Future | | 3) LIBOR Fix | | | | | |
| T 0 ³ / ₄ | 01/31/18 | 0.833 | 99-26+ | 99-26 ³ / ₄ | + 00 | 15D | 0.380 | MAR | 99.3500 | JAN | 99.660 | O/N | 0.36570 |
| T 1 ¹ / ₂ | 01/15/19 | 1.055 | 100-06 ¹ / ₂ | 100-06+ | - 00+ | 30D | 0.410 | JUN | 99.2700 | FEB | 99.635 | 1w | 0.38975 |
| T 1 ³ / ₈ | 01/31/21 | 1.427 | 99-23 ³ / ₄ | 99-24 | - 01 ⁷ / ₈ | 60D | 0.500 | SEP | 99.2000 | MAR | 99.615 | 1M | 0.43060 |
| T 2 ¹ / ₂ | 12/31/22 | 1.749 | 102-13+ | 102-14 | - 01 | 90D | 0.600 | DEC | 99.1000 | APR | 99.585 | 2M | 0.52560 |
| T 2 ³ / ₄ | 11/15/25 | 2.005 | 102-05 | 102-05+ | - 01+ | 120D | 0.680 | MAR | 99.0150 | MAY | 99.560 | 3M | 0.62110 |
| T 3 | 11/15/45 | 2.796 | 104-02+ | 104-03 | + 03 | 180D | 0.810 | JUN | 98.9150 | JUN | 99.530 | 6M | 0.86425 |

| | | | | | | | | | | | | |
|--------------------|---------|-----------|------|-------|--------|-----------------|---------|---------------------|----------|--------|--------|------|
| 4) Spot FX FXC » | | Key Rates | | Swaps | | 10Y Note Future | | 5) 30Y MBS BBTM » | | | | |
| JPY | 118.854 | Prime | 3.50 | 3Y | 1.0877 | CBT | 128-25+ | - 02 | GNMA 3. | 104-29 | 104-30 | + 00 |
| EUR | 1.0909 | BLR | 2.25 | 5Y | 1.3855 | Commodities | | | GOLD 3.5 | 104-04 | 104-05 | + 00 |
| GBP | 1.4310 | FDTR | 0.50 | 10Y | 1.8920 | NYM WTI | 32.83 | +0.53 | FNMA 3.5 | 104-11 | 104-12 | + 00 |
| CHF | 1.0131 | Discount | 1.00 | 30Y | 2.3420 | GOLD | 1119.42 | -5.54 | | | | |
| CAD | 1.4078 | | | | | | | | | | | |

| | | | | | | | | | | | | |
|-------------------------------|-------|-----------|--|---|---|---|----------------------------|--------|---------|--------|-------|---------|
| 30) Economic Releases ECO » | | Date Time | | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
| 31) | 01/28 | 14:3 | | | | | Initial Jobless Claims | Jan 23 | 281k | -- | 293k | -- |
| 32) | 01/28 | 14:3 | | | | | Continuing Claims | Jan 16 | 2218k | -- | 2208k | -- |
| 33) | 01/28 | 14:3 | | | | | Durable Goods Orders | Dec P | -0.7% | -- | 0.0% | -- |
| 34) | 01/28 | 14:3 | | | | | Durables Ex Transportation | Dec P | -0.1% | -- | 0.0% | -- |

Germany

Browse

14:19:45

Treasury & Money Markets

| 1) Money Rates | | Interbank | | EURIBOR Fix | | EUR LIBOR Fix | | Euro Swaps | | OBL/BUNDs | | |
|----------------|---------------|-----------|----------|---------------|---------|---------------|----------|------------|-----------------|---------------|-------------|------------|
| 0/N DEPO | -0.300 | 0/N | -0.29000 | 1M | -0.2310 | 1M | -0.22714 | 1Y | -0.1290 -0.1240 | 1Y | -0.41 +0.01 | |
| 0/N LEND | 0.300 | T/N | -0.29000 | 2M | -0.1920 | 2M | -0.19286 | 2Y | -0.1403 -0.1373 | 2Y | -0.45 -0.01 | |
| 1 Week | 0.050 | 1M | -0.22500 | 3M | -0.1590 | 3M | -0.16929 | 3Y | -0.0890 -0.0850 | 3Y | -0.43 -0.01 | |
| 3M Repo | 0.050 | 3M | -0.11000 | 6M | -0.0820 | 6M | -0.09357 | 4Y | 0.0040 0.0070 | 4Y | -0.38 -0.02 | |
| 2) Govt Bonds | | 6M | -0.09000 | 9M | -0.0320 | 1Y | 0.01500 | 5Y | 0.1175 0.1225 | 5Y | -0.26 -0.03 | |
| 2Y | -0.455 | 9M | -0.06000 | 1Y | 0.0220 | | | 6Y | 0.2435 0.2485 | 6Y | -0.15 -0.03 | |
| 5Y | -0.262 | 1Y | -0.00500 | | | | | 7Y | 0.3785 0.3785 | 7Y | -0.02 -0.03 | |
| 10Y | 0.405 | Euro FRAs | | Effective O/N | | | | 8Y | 0.5025 0.5050 | 8Y | 0.10 -0.04 | |
| 30Y | 1.140 | 1x4 | -0.1950 | EONIA | -0.2360 | +0.0020 | | | 9Y | 0.6230 0.6255 | 9Y | 0.27 -0.04 |
| Spot FOREX | | 3x6 | -0.2520 | EURONIA | -0.3215 | +0.0062 | | | 10Y | 0.7310 0.7340 | 10Y | 0.40 -0.04 |
| €/GBP | 0.7621 | 6x9 | -0.2840 | Futures | | | | 20Y | 1.2745 1.2775 | 20Y | 0.89 -0.05 | |
| €/USD | 1.0910 | 9x12 | -0.2930 | BUND EUX | 162.32 | +0.45 | | | 30Y | 1.3310 1.3340 | 30Y | 1.14 -0.05 |
| €/JPY | 129.6687 | 1x7 | -0.1140 | BUXL EUX | 160.44 | +1.18 | | | Stock Indices | | | |
| BuBills | | 3x9 | -0.1500 | BOBL EUX | 132.13 | +0.12 | | | DAX | 9750.64 | -130.18 | |
| 1st | -0.489 -0.004 | 6x12 | -0.1730 | SCHATZ EUX | 111.75 | +0.01 | | | HDAX | 5217.27 | -65.57 | |
| 2nd | -0.422 +0.009 | 12x18 | -0.1720 | EURIBOR | 100.23 | +0.00 | | | DAX FUT | 9747.00 | -110.00 | |
| | | 18x24 | -0.1290 | 3M EUX | 100.29 | -0.01 | | | | | | |

30) Economic Releases | ECO »

| Date Time | C | A | M | R | Event | Period | Surv(M) | Actual | Prior | Revised |
|-----------------|----|---|---|---|------------------------|--------|---------|--------|-------|---------|
| 31) 01/28 08:00 | GE | | ☒ | ▲ | Import Price Index MoM | Dec | -1.1% | -1.2% | -0.2% | -- |
| 32) 01/28 08:00 | GE | | ☒ | ▲ | Import Price Index YoY | Dec | -3.1% | -3.1% | -3.5% | -- |
| 33) 01/28 09:00 | GE | | ☒ | ▲ | CPI Saxony MoM | Jan | -- | -0.9% | 0.0% | -- |
| 34) 01/28 09:00 | GE | | ☒ | ▲ | CPI Saxony YoY | Jan | -- | 0.4% | 0.2% | -- |
| 35) 01/28 10:00 | GE | | ☒ | ▲ | CPI Brandenburg MoM | Jan | -- | -0.8% | 0.0% | -- |

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000
 Copyright 2016 Bloomberg Finance L.P.
 SN 163608 CET GMT+1:00 H216-2869-1 28-Jan-2016 14:19:45

95 Buy

96 Sell

97 Settings

21) Bond Description

22) Issuer Description

Pages

- 1) Bond Info
- 2) Addtl Info
- 3) Covenants
- 4) Guarantors
- 5) Bond Ratings
- 6) Identifiers
- 7) Exchanges
- 8) Inv Parties
- 9) Fees, Restrict
- 10) Schedules
- 11) Coupons

Quick Links

- 3) ALLQ Pricing
- 3) QRD Quote Recap
- 3) CACS Corp Action
- 5) CN Sec News
- 3) HDS Holders

6) Send Bond

Issuer Information

Name TREASURY BILL
Industry US GOVT NATIONAL

Security Information

Issue Date 08/27/15
Interest Accrues
1st Coupon Date
Maturity Date 02/25/16
Floater Formula N.A.
Workout Date

Cpn Frequency **Security Type** USD
Mty/Refund Type NORMAL **Type** NONE
Calc Type DISCOUNT **Series**
Day Count ACT/360
Market Sector US GOVT
Country US **Currency** USD

Identifiers

ID Number 912796HD4
CUSIP 912796HD4
ISIN US912796HD44
SEDOL 1 BYMKRB5
FIGI BBG009TCBQM8

Issuance & Trading

Disc @ Issue .295000
Risk Factor .074
Amount Issued 106999 (MM)
Amount Outstanding 106999 (MM)
Minimum Piece 100
Minimum Increment 100

TENDERS ACCEPTED: \$24000MM, \$28000MM ISS'D AS A REOPENING EFF 11/27/15, \$55000MM ISS'D AS A REOPENING EFF 01/28/16.

Capital market

Stocks

IBM US \$ Market

P120.51 / 122.00P

1 x 1

Prev 120.96 Vol 196

IBM US Equity

Report

Page 1/5

Security Description: Equity

1) Profile

2) Issue Info

3) Ratios

4) Revenue & EPS

5) Industry Info

INTL BUSINESS MACHINES CORP

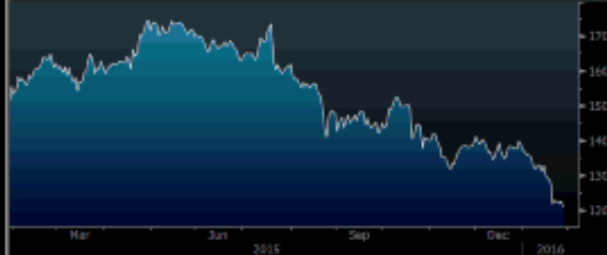
FIGI BBG000BLNNH6

6) BI Company Primer | BICO »

Classification IT Services

International Business Machines Corporation (IBM) provides computer solutions through the use of advanced information technology. The Company's solutions include technologies, systems, products, services, software, and financing. IBM offers its products through its global sales and distribution organization, as well as through a variety of third party distributors and resellers.

8) Price Chart | GP »



9) Estimates | EE »

| | | |
|----------|-------|----------|
| Date | (E) | 04/18/16 |
| P/E | | 8.05 |
| Est P/E | 12/16 | 8.99 |
| T12M EPS | (USD) | 15.03 |
| Est EPS | | 13.45 |
| Est PEG | | 1.33 |

13) Corporate Info

14) www.ibm.com
Armonk, NY, United States
Empls 379,592 (12/31/15)

15) Management | MGMT »

16) Virginia M Rometty "Ginni"
Chairman/President/CEO

17) Martin J Schroeter
Senior VP/CFO

18) Arvind Krishna
Senior VP/Dir:Research

12M Tot Ret -17.57%
Beta vs SPX 0.79

21) Depository Receipts

Active Receipts 4

| | |
|--------------------|----------------|
| Px/Chg 1D (USD) | 120.96/-1.33% |
| 52 Wk H (05/04/15) | 176.30 |
| 52 Wk L (01/20/16) | 118.00 |
| YTD Change/% | -16.66/-12.11% |
| Mkt Cap (USD) | 117,344.5M |
| Shrs Out/Float | 970.1M/888.3M |
| SI/% of Float | 23.4M/2.64% |
| Days to Cover | 4.3 |

12) Dividend | DVD »

| | |
|-----------------|--------|
| Ind Gross Yield | 4.30% |
| 5Y Net Growth | 14.87% |
| Cash 02/08/16 | 1.30 |

IBM US \$ Market

P120.51 / 122.00P

1 x 1

Prev 120.96 Vol 196

IBM US Equity 98 Report Page 2/5 Security Description: Equity

1) Profile 2) Issue Info 3) Ratios 4) Revenue & EPS 5) Industry Info

| | | | | | | | |
|--|--|--|--|--------------------------------|--|--|--|
| 6) Public Offerings CACS » | | | | 8) Inst Holdings OWN » | | | |
| Follow-on Offering 12/01/1968, Common Stock IPO 11/11/1915 | | | | # of Inst. Owners 2,647 | | | |
| Shares Off/Split Adj 50.00k/800.00k | | | | Shares Owned 609.29M | | | |
| Share Price/Split Adj \$ 328.50/20.53 | | | | Shares Out/Float 62.8%/59.5% | | | |
| Lead Manager Merrill Lynch & Co | | | | # of Buyers/Sellers 897/1.045k | | | |
| Shares Bought 973.31k | | | | | | | |
| 9) Issue Information RELS » | | | | 10) Eq Wgts WGT » | | | |
| Sec Type Common Stock | | | | SPX N.A. | | | |
| Pri Exch New York PAR USD 0.2 | | | | INDU 5.195% | | | |
| Pri MIC XNYS | | | | RAY N.A. | | | |
| Incorp UNITED STATES (NY) | | | | RIY N.A. | | | |
| SIC Code 7389 (BUSINESS SVC) | | | | S5INFT N.A. | | | |
| FIGI BBG000BLNNH6 | | | | RLV N.A. | | | |
| ISIN US4592001014 | | | | RLG N.A. | | | |
| CUSIP 459200101 | | | | OEX N.A. | | | |
| SEDOL1 2005973 US NAICS 541512 | | | | DJTMNMO 0.000% | | | |
| Common 009703799 WPK # 851399 | | | | SPR N.A. | | | |
| Sicovam 012964 | | | | 13) Option OMON » | | | |
| | | | | Opt/LEAPs/Marginable | | | |
| | | | | 11) Insider Holdings OWN » | | | |
| | | | | % Held by Insiders 0.08% | | | |
| | | | | Net Change Last 6M -7.37% | | | |
| | | | | 12) Top Holders HDS » | | | |
| | | | | as of 01/27/2016 | | | |
| | | | | BERKSHIRE HATHAWAY INC 8.35% | | | |
| | | | | VANGUARD GROUP 6.03% | | | |
| | | | | BLACKROCK 5.08% | | | |
| | | | | STATE STREET CORP 5.02% | | | |
| | | | | STATE FARM MUTUAL AUT... 1.72% | | | |
| | | | | FMR LLC 1.53% | | | |
| | | | | BANK OF NEW YORK MELL... 1.34% | | | |

IBM US \$ Market

P120.51 / 122.00P

1x1

Prev 120.96 Vol 196

IBM US Equity 95) Compare 96) Actions 97) Edit Line Chart

01/31/1986 - 01/28/2016 Last Price Mov Avg Volume USD

1D 3D 1M 6M YTD 1Y 5Y Max Monthly Table Security/Study Event



1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

| | | | | | | | | | | | | | | | | | | | | | | |
|-----------|----|---|------|------|-----------|------|------|------|--------|----|-----|------|------|---------------------------------------|----|----|------|------|-----------|-----|------|------|
| Australia | 61 | 2 | 9777 | 8600 | Brazil | 5511 | 2395 | 9000 | Europe | 44 | 20 | 7330 | 7500 | Germany | 49 | 69 | 9204 | 1210 | Hong Kong | 852 | 2977 | 6000 |
| Japan | 81 | 3 | 3201 | 8900 | Singapore | 65 | 6212 | 1000 | U.S. | 1 | 212 | 318 | 2000 | Copyright 2016 Bloomberg Finance L.P. | | | | | | | | |

SN 163608 CET GMT+1:00 H216-2869-1 28-Jan-2016 14:36:17

Bond

<Menu> to Refine Criteria

Group by None 36 / 36

| R | Issuer Name | Ticker | Cpn | Maturity | Series | BBG Composit | Maturity | Curr |
|---------|--------------------------------|--------|-------|------------|--------|--------------|----------|------|
| Average | | | 3.407 | | | | | |
| 31) | International Business Machine | IBM | 7.125 | 12/01/2096 | | A+ | AT MAT | USD |
| 32) | International Business Machine | IBM | 7.000 | 10/30/2045 | | A+ | AT MAT | USD |
| 33) | International Business Machine | IBM | 4.000 | 06/20/2042 | | A+ | AT MAT | USD |
| 34) | International Business Machine | IBM | 5.600 | 11/30/2039 | | A+ | AT MAT | USD |
| 35) | International Business Machine | IBM | 8.000 | 10/15/2038 | | A+ | AT MAT | USD |
| 36) | International Business Machine | IBM | 5.875 | 11/29/2032 | | A+ | AT MAT | USD |
| 37) | International Business Machine | IBM | 6.500 | 01/15/2028 | | A+ | AT MAT | USD |
| 38) | International Business Machine | IBM | 6.220 | 08/01/2027 | | A+ | PUTABL | USD |
| 39) | International Business Machine | IBM | 2.875 | 11/07/2025 | EMTN | A+ | AT MAT | EUR |
| 40) | International Business Machine | IBM | 7.000 | 10/30/2025 | | A+ | AT MAT | USD |
| 41) | International Business Machine | IBM | 3.625 | 02/12/2024 | | A+ | AT MAT | USD |
| 42) | International Business Machine | IBM | 3.375 | 08/01/2023 | | A+ | AT MAT | USD |
| 43) | International Business Machine | IBM | 1.250 | 05/26/2023 | | A+ | AT MAT | EUR |
| 44) | International Business Machine | IBM | 2.875 | 11/09/2022 | | A+ | AT MAT | USD |
| 45) | International Business Machine | IBM | 2.625 | 08/05/2022 | | A+ | AT MAT | GBP |
| 46) | International Business Machine | IBM | 1.875 | 08/01/2022 | | A+ | AT MAT | USD |
| 47) | International Business Machine | IBM | 0.917 | 11/06/2021 | | A+ | AT MAT | USD |
| 48) | International Business Machine | IBM | 2.900 | 11/01/2021 | | A+ | AT MAT | USD |
| 49) | International Business Machine | IBM | 2.750 | 12/21/2020 | EMTN | A+ | AT MAT | GBP |

I

IBM 7 ¹/₈ 12/01/96 Corp

Page 1/11

Description: Bond

94 Notes

95 Buy

96 Sell

97 Settings

21) Bond Description

22) Issuer Description

| Pages | Issuer Information | Identifiers |
|---------------------|---|-------------------------------|
| 1) Bond Info | Name IBM CORP | ID Number DD1089174 |
| 2) Addtl Info | Industry Software & Services | CUSIP 459200AP6 |
| 3) Covenants | Security Information | ISIN US459200AP64 |
| 4) Guarantors | Mkt of Issue US Domestic | Bond Ratings |
| 5) Bond Ratings | Country US Currency USD | Moody's Aa3 |
| 6) Identifiers | Rank Sr Unsecured Series | S&P AA- |
| 7) Exchanges | Coupon 7.125 Type Fixed | Fitch A+ |
| 8) Inv Parties | Cpn Freq S/A | Composite A+ |
| 9) Fees, Restrict | Day Cnt 30/360 Iss Price 98.68700 | Issuance & Trading |
| 10) Schedules | Maturity 12/01/2096 | Amt Issued/Outstanding |
| 11) Coupons | MAKE WHOLE @15 until 12/01/96/BULLET | USD 850,000.00 (M) / |
| Quick Links | Issue Spread 80.00bp vs T 6 ³ / ₄ 08/15/26 | USD 316,390.00 (M) |
| 32) ALLQ Pricing | Calc Type (1)STREET CONVENTION | Min Piece/Increment |
| 33) QRD Quote Reqa | Announcement Date 12/03/1996 | 1,000.00 / 1,000.00 |
| 34) TDH Trade Hist | 1st Coupon Date 06/01/1997 | Par Amount 1,000.00 |
| 35) CAC Corp Action | Exchange Notice Date 05/21/2012 | Book Runner SAL |
| 36) CF Prospectus | Exchange Expiration Date 06/18/2012 | Reporting TRACE |
| 37) CN Sec News | FINAL MTY: 12/1/2096. CALL @ >PAR OR MAKE WHOLE +15BP. SHORT 1ST CPN. | |
| 38) HDS Holders | | |
| 39) VPR Underly Inf | | |
| 66) Send Bond | | |

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2014 Bloomberg Finance L.P.
 SN 831461 CET GMT+1:00 H183-3223-3 24-Feb-2014 10:10:40

S

IBM 7 1/8 12/01/96 Corp

Page 3/11

Description: Bond

94 Notes

95 Buy

96 Sell

97 Settings

21) Bond Description

22) Issuer Description

Pages

- 1) Bond Info
- 2) Addtl Info
- 3) Covenants
- 4) Guarantors
- 5) Bond Ratings
- 6) Identifiers
- 7) Exchanges
- 8) Inv Parties
- 9) Fees, Restrict
- 10) Schedules
- 11) Coupons

Quick Links

- 32) ALLQ Pricing
- 33) QRD Quote Reqa
- 34) TDH Trade Hist
- 35) CAC Corp Action
- 36) CF Prospectus
- 37) CN Sec News
- 38) HDS Holders
- 39) VPR Underly Inf

66) Send Bond

Covenants

| | | |
|-----|--------------------------------------|-----|
| 51) | Negative Pledge | Yes |
| | Change of Control | No |
| | Fundamental Change | No |
| 52) | Limit of Indebtedness | No |
| | Cross Default | No |
| | Negative Covenant | Yes |
| 53) | Certain Sales of Assets | Yes |
| | Restriction on Activities | Yes |
| | Debt Service Coverage Ratio | No |
| | Free Cash Flow To Debt Service Ratio | No |
| | Restrictive Covenant | Yes |
| 54) | Merger Restrictions | Yes |
| 55) | Limitation on Sale-and-Leaseback | Yes |
| | Limitation on Subsidiary Debt | No |
| | Restricted Payments | No |
| | Ratings Trigger | No |
| | Collective Action Clause | No |
| | Material Adverse Change Clause | No |
| | Force Majeure | No |

I

IBM 7 1/8 12/01/96 Corp

Page 5/11 Description: Bond

94) Notes

95) Buy

96) Sell

97) Settings

21) Bond Description

22) Issuer Description

Pages

- 1) Bond Info
- 2) Addtl Info
- 3) Covenants
- 4) Guarantors
- 5) Bond Ratings
- 6) Identifiers
- 7) Exchanges
- 8) Inv Parties
- 9) Fees, Restrict
- 10) Schedules
- 11) Coupons

Quick Links

- 32) ALLQ Pricing
- 33) QRD Quote Reqa
- 34) TDH Trade Hist
- 35) CAC Corp Action
- 36) CF Prospectus
- 37) CN Sec News
- 38) HDS Holders
- 39) VPR Underly Inf

66) Send Bond

Bond Ratings

| Agency/Type | Bond Ratings | Effective Date |
|-----------------------------------|--------------|----------------|
| MOODY'S | | |
| ▣ Bond Rating | Aa3 | 11/23/2010 |
| STANDARD & POOR'S | | |
| ▣ Bond Rating | AA- | 05/30/2012 |
| FITCH | | |
| ▣ Bond Rating | A+ | 05/30/2007 |
| Recovery Rating | NR | 05/30/2007 |
| BLOOMBERG COMPOSITE | | |
| Bond Composite | A+ | 05/30/2012 |
| Egan-Jones Ratings Company | | |
| Bond Rating | AA+ | 10/17/2013 |
| DUFF & PHELPS | | |
| ▣ Bond Rating | NR | 06/01/2000 |

S

IBM 7 1/8 12/01/96 Corp

Page 7/11

Description: Bond

94 Notes

95 Buy

96 Sell

97 Settings

21) Bond Description

22) Issuer Description

Pages

- 1) Bond Info
- 2) Addtl Info
- 3) Covenants
- 4) Guarantors
- 5) Bond Ratings
- 6) Identifiers
- 7) Exchanges
- 8) Inv Parties
- 9) Fees, Restrict
- 10) Schedules
- 11) Coupons

Quick Links

- 32) ALLQ Pricing
- 33) QRD Quote Reca
- 34) TDH Trade Hist
- 35) CAC Corp Action
- 36) CF Prospectus
- 37) CN Sec News
- 38) HDS Holders
- 39) VPR Underly Inf

66) Send Bond

Exchanges, Issuance & Trading Information

| Clearing House | Exchange | MIC Code | Mkt Segment |
|----------------|-----------|----------|-------------|
| TRACE ELIGIBLE | FRANKFURT | XFRA | |
| | NEW YORK | XNYS | |

Direct and Indirect Financing

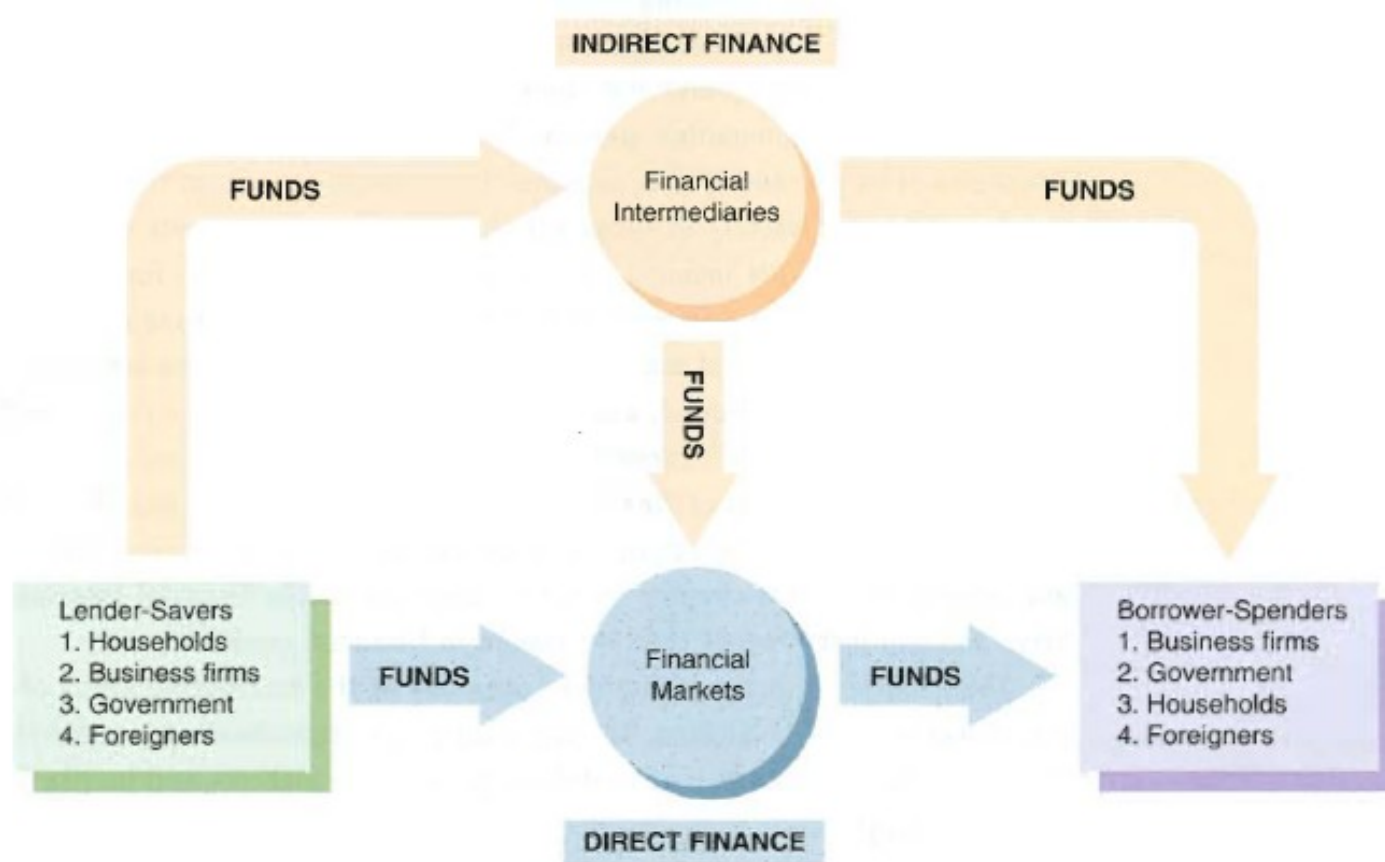


FIGURE 1 *Flows of Funds Through the Financial System*

Role of Financial Institutions

- Financial institutions
 - Depository Institutions
 - Non-depository Financial Institutions



Why are financial intermediaries and indirect finance so important?

■ Transaction Costs

- Transaction costs, the time and money spent in carrying out financial transactions, are a major problem for people who have excess funds to **lend**.
 - Financial intermediaries can substantially reduce transaction costs because they have developed expertise in lowering them, and because their large size allow them to take advantage of economies of scale.
 - For example
 - A bank knows how to find a good lawyer to produce loan contract, and this contract can be used over and over again in this loan transactions, thus lowering the legal cost per transaction.
-

Why are financial intermediaries and indirect finance so important?

■ Risk Sharing

- Another benefit made possible by the low transaction costs of financial institutions is that they can help reduce the exposure of investors risk.
 - Financial intermediaries do this through the process known as risk sharing.
 - They create and sell assets with risk characteristics that people are comfortable with. The intermediaries then use the funds they acquire by selling these assets to purchase other assets that may have far **more risk**.
 - Asset transformation
-

Depository Institutions

- Accept deposit → provide credit → purchase securities
 - Offer deposit account
 - Repackage funds to provide loans
 - Accept risk
 - Expertise available
 - Diversification
-

Types of Depository Financial Institutions

Commercial
Banks
\$5 Trillion
Total Assets

Savings
Institutions
\$1.3 Trillion
Total Assets

Credit Unions
\$.5 Trillion
Total Assets

Nondepository Financial Institutions

- Focused on capital market
 - Longer-term, higher risk intermediation
 - Less focus on liquidity
 - Less regulation
 - Greater focus on equity investments
-

Types of Nondepository Financial Institutions

Financial
Companies

Mutual
Funds

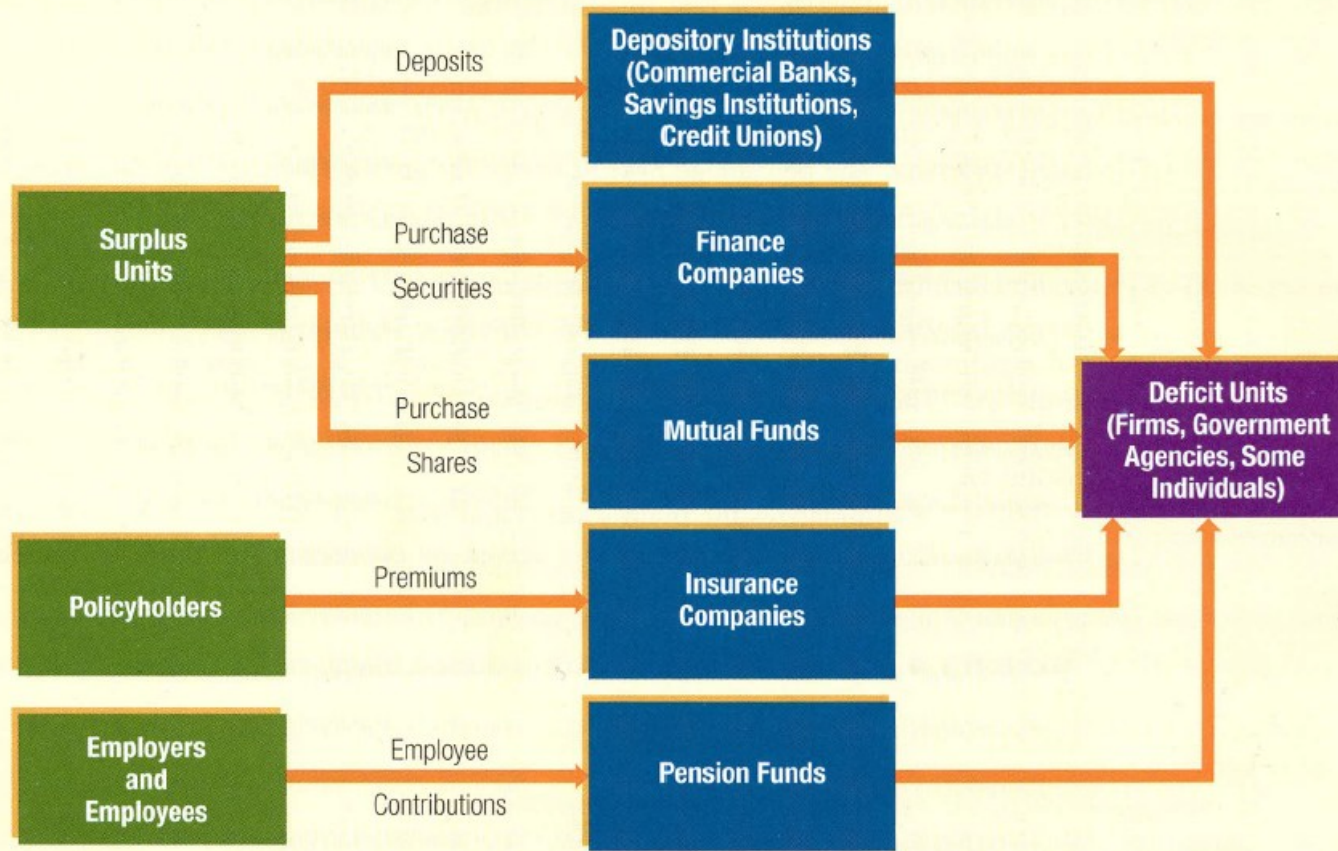
Securities
Firms

Insurance
Companies

Pension
Funds

Comparison of Role among Financial Institutions

Exhibit 1.3 Comparison of Roles among Financial Institutions



— Source: Madura, J.: *Financial Markets and Institutions*, 9th Edition

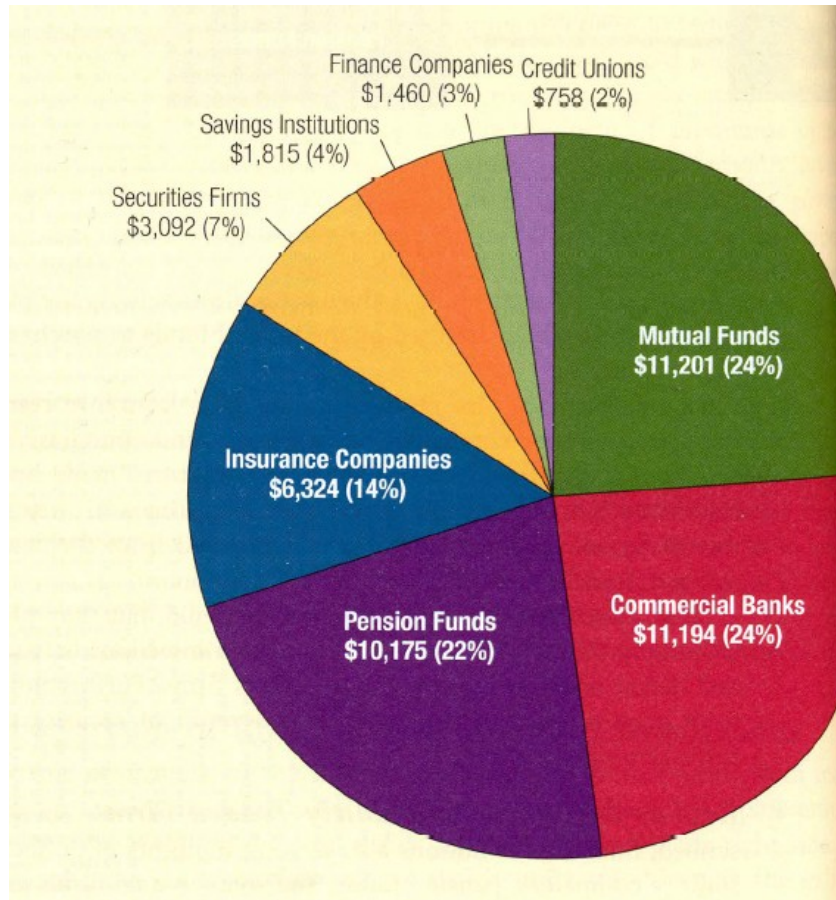
Summary of Institutional Sources and Uses of Funds

Exhibit 1.5 Summary of Institutional Sources and Uses of Funds

| FINANCIAL INSTITUTIONS | MAIN SOURCES OF FUNDS | MAIN USES OF FUNDS |
|------------------------|--|---|
| Commercial banks | Deposits from households, businesses, and government agencies | Purchases of government and corporate securities; loans to businesses and households |
| Savings institutions | Deposits from households, businesses, and government agencies | Purchases of government and corporate securities; mortgages and other loans to households; some loans to businesses |
| Credit unions | Deposits from credit union members | Loans to credit union members |
| Finance companies | Securities sold to households and businesses | Loans to households and businesses |
| Mutual funds | Shares sold to households, businesses, and government agencies | Purchases of long-term government and corporate securities |
| Money market funds | Shares sold to households, businesses, and government agencies | Purchases of short-term government and corporate securities |
| Insurance companies | Insurance premiums and earnings from investments | Purchases of long-term government and corporate securities |
| Pension funds | Employer/employee contributions | Purchases of long-term government and corporate securities |

- *Source: Madura, J.: Financial Markets and Institutions, 9th Edition*

Relative Importance of Financial Institutions



■ Source: Madura, J.: *Financial Markets and Institutions, 9th Edition*

Thank you for your attention

Sum up:

<http://www.youtube.com/watch?v=GnJ>

COof2HJk
