



Market Outlook

Interest Rate Management

Currency Management

corporate finance

Banking Relationship Management

ABC Company  
Attn. of: Mr. ....

By e-mail: .....@...com

Utrecht, 21 June 2012

Dear Mr. ....,

In response to your recent query, hereby our assessment of a number of interest rate derivative contracts that have been concluded with your bank on 23 June 2009. This is based on the bank confirmations that you provided.

Our comments refer to the following interest rate swaps:

- Start date 1 October 2009 (until 1 January 2029), for a maximum sum of EUR 100,000,000 at a rate of 4.643% with quarterly settlements based on Act/360
- Start date 3 January 2011 (until 2 January 2024) for a maximum sum of EUR 22,500,000 at a rate of 4.571% with quarterly settlements based on Act/360

In the screen capture we have illustrated the bank margin that was realized at the time. Please note:

- To determine the bank margin, we have selected the date of 23 June 2009 (see the encircled area at the top)
- You will find the absolute margin that was realized encircled at the bottom, i.e. EUR 2,350,000 and respectively EUR 340,000
- The bank margin can also be calculated in basis points, i.e. as the differential between the contract percentages (4.643% and 4.571%) and the market interest rates that applied at that time (4.364% and 4.286%). In both cases, the bank has realized a margin of around 28 basis points (see the encircled vertical columns).

In our view the banks have set an (excessively) high margin. It goes without saying that the potential for savings would have been substantial had we been able to guide you through this transaction at the time it was concluded.

Yours sincerely,

**Ron Albrecht**

Senior Treasury Consultant

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Values Formulas **Open F10** **Save F12** **Copy** **Paste** **Delete** **Insert** **Export**

New Window ▾ Currency EUR Trade date **Tue, 23 Jun 2009** Cut Of

Select	Option 1	Data	Option 2	Data
Option	Vanilla Sw ap		Vanilla Sw ap	
	Pay (Leg1) Fixed ↻		Pay (Leg1) Fixed ↻	
	Rec. (Leg2) Float ↻		Rec. (Leg2) Float ↻	
Tenor				
Expiry (1st)				
Start Date	Leg1 Thu, 01 Oct 2009		Leg1 Mon, 03 Jan 2011	
End Date	Leg1 Tue, 02 Jan 2029		Leg1 Tue, 02 Jan 2024	
Pay Fixed Rate	4.64300 %		4.57100 %	
Pay Basis	A/360 Q		A/360 Q	
Rec Index	3M EURIBOR		3M EURIBOR	
Rec Basis	A/360 Q		A/360 Q	
Rec Fixing Freq.	Q		Q	
<input type="checkbox"/> Compounding			<input type="checkbox"/> Compounding	
Rec Spread	0.000 bp		0.000 bp	
<b>Cash Flow &amp; Dates</b>			<b>Cash Flow &amp; Dates</b>	
Market Rate	4.36446 %		4.28665 %	
Amortization	Custom		Custom	
Notional	Leg1 4,250,000 Var		Leg1 1,416,667 Var	

**Data:** **Calculate F2** **Solver F8** **Refresh F4** **Restore Defaults**

Market Price	<b>-8,097,474</b>	<b>-2,359,461</b>	<b>-339,697</b>
Market Price %		-55.5167	-23.9786
DV01	<b>276,648</b>	80,737	11,479
Pure DV01			