



LPA Geistesblitz.
February 2018

Multi-FX-Forward with extension right

1. Initial Situation.

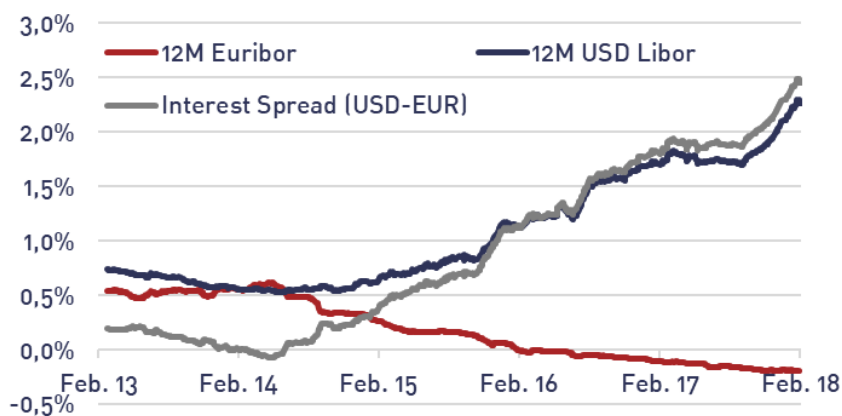
Further increase in the EUR-USD exchange rate. Temporary rise of nearly 10 big figures since November

Securing of very attractive forward rates for 2018 possible.

The significant increase in USD interest rates continues to dynamically drive the USD-EUR interest rate spread.

The last months have seen a clear resumption of the EUR-Rally. Since the beginning of November, the EUR-USD spot rate has risen temporarily by nearly 10 big figures from 1.1553 USD/EUR to 1.2539 USD/EUR, the highest level in the last 3 years.

The noticeable move in spot rates has been accompanied by an even more pronounced move of the forward rates. Here, the continued dynamic development of USD interest rates was clearly noticeable. The interest rate differential from USD to EUR has continued to expand almost steadily driven primarily by the rise in US interest rates. These spot and forward rate effects provide excellent opportunities for USD importers to secure USD-liabilities of the new year and beyond. For example, the forward charge for an exchange at the end of the year is close to 300 pips.

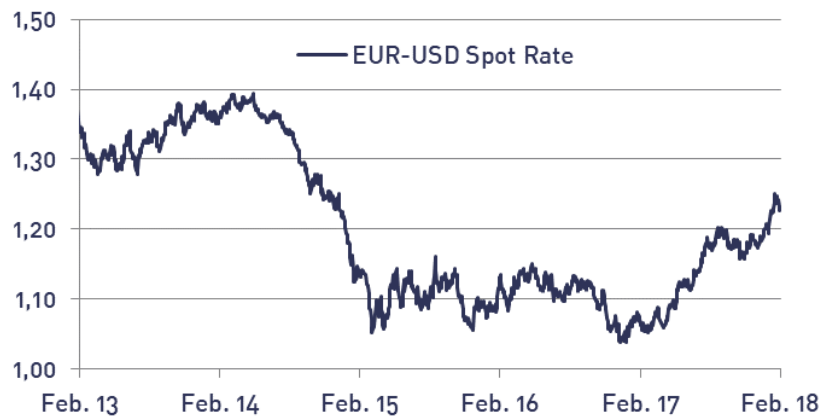


Graph 1: Evolution of USD- and EUR interest rates and their interest spread.

Market data (8. February 2018):

EUR-USD spot rate:	1,2250 USD/EUR
Ø EUR-USD forward rate (31.07.2018 - 31.12.2018):	1,2470 USD/EUR
Ø EUR-USD forward rate (31.01.2019 - 28.06.2019):	1,2660 USD/EUR

EUR-USD on the rise. Currently at a 3-year high.



Graph 2: Evolution of EUR-USD exchange rate.

2. Multi-FX-Forward with extension right.

Product description:

The current Geistesblitz shows a possibility to secure 6 monthly USD-liabilities of the second half of 2018 at very attractive terms. In exchange, the customer grants the bank the right to extend the transaction by 6 additional dates. In case of an extension, the customer will receive a further improvement of his exchange rate compared to the rates available today.

The USD-importer concludes a "Multi-FX-Forward with extension right", from which he will receive USD 500,000 per month in the second half of 2018 at an exchange rate of 1.2650 USD/EUR (bonus rate 1). This exchange rate is both well above the current spot rate, and above the average forward rate.

While the 6 original dates of the 2nd half of 2018 are binding, this is not the case for the 6 exchange dates of the 1st half of 2019. It is up to the bank to decide at the end of the year whether the strategy will be extended. In case of an extension, the customer exchanges at the exchange rate of 1.2800 USD/EUR (bonus rate 2) at the 6 additional monthly dates in the 1st half of 2019. If the bank does not use the extension right on the exercise date 27.12.2018, the 6 additional monthly dates will be omitted without replacement.

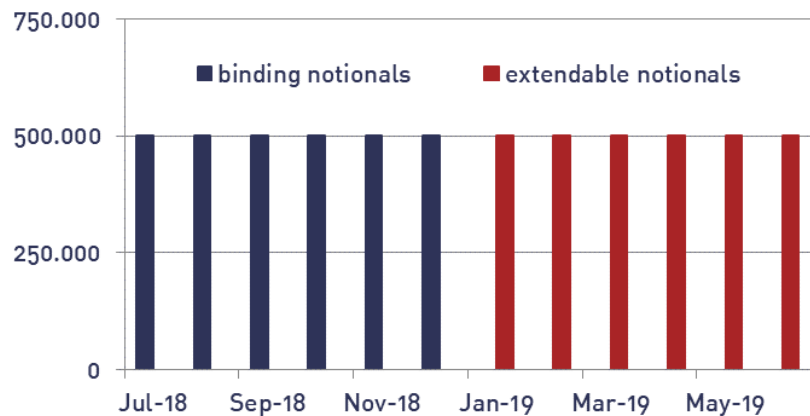
The monthly exchanges of the second half of 2018 are binding.

The monthly exchanges of the first half of 2019 are extendable by the bank.

Trade specifics:

Reference amount:	i.e. monthly 500.000 USD (in total up to 6 Mio. USD)
Binding dates:	monthly from 31.07.2018 through 31.12.2018
Extendable dates:	monthly from 31.01.2019 through 28.06.2019
Bonus rate 1:	1.2650 USD/EUR
Bonus rate 2:	1.2800 USD/EUR
Exercise date:	27.12.2018
Extension right:	On the exercise date, the Bank has the right to extend the strategy by 6 further dates until 28.06.2019 with the client paying the "Bonus rate 2".

The graph shows the 6 binding dates in 2018, as well as the 6 optional dates in 2019.



Graph 3: Mandatory and optional dates and notionals in 2018.

Benefits and Risks:

Benefits for the customer:

Very attractive "Bonus rate 1" in the second half of 2018.

- Securing future USD purchases on 6 dates at a fixed rate above the current spot and forward rate.
- In the event of a bank extension, securing further USD purchases on 6 dates at 1.2800 USD (well above the current spot and forward rate).
- Due to the extension right on 28.06.2019, it is still possible to plan the 6 additional dates for 2019 in 2018.

Even better "Bonus rate 2" in the case of the extension in the first half of 2019.

Risks of the customer:

- No participation in the EUR-USD rate for the first 6 dates.
- In case of extension by the bank, no participation in the EUR-USD rate for the last 6 dates.

3. In a nutshell.

The Geistesblitz "Multi-FX-Forward with extension right" shows customers paying imports in USD a strategy how the already very good terms can be improved even more significantly. In return, the customer waives binding character of exchange dates in 2019. Should the bank exercise its right of renewal, the importer will exchange at 1.2800 USD/EUR.

In case you have questions, feedback or suggestions, please contact:

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