

## Settlement Rate Calculation

Settlement Rate = Spot Rate + Swap Points accumulated from Effective Date to Settlement Date

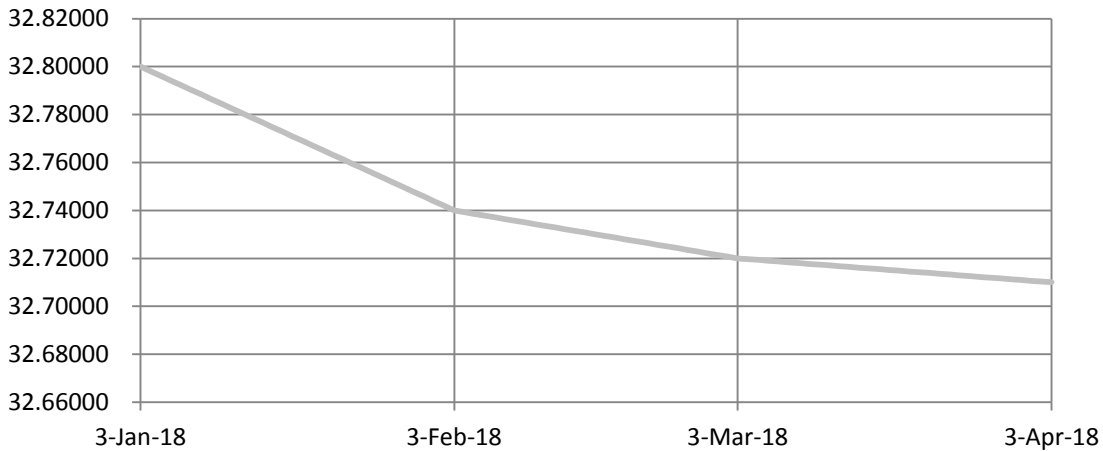
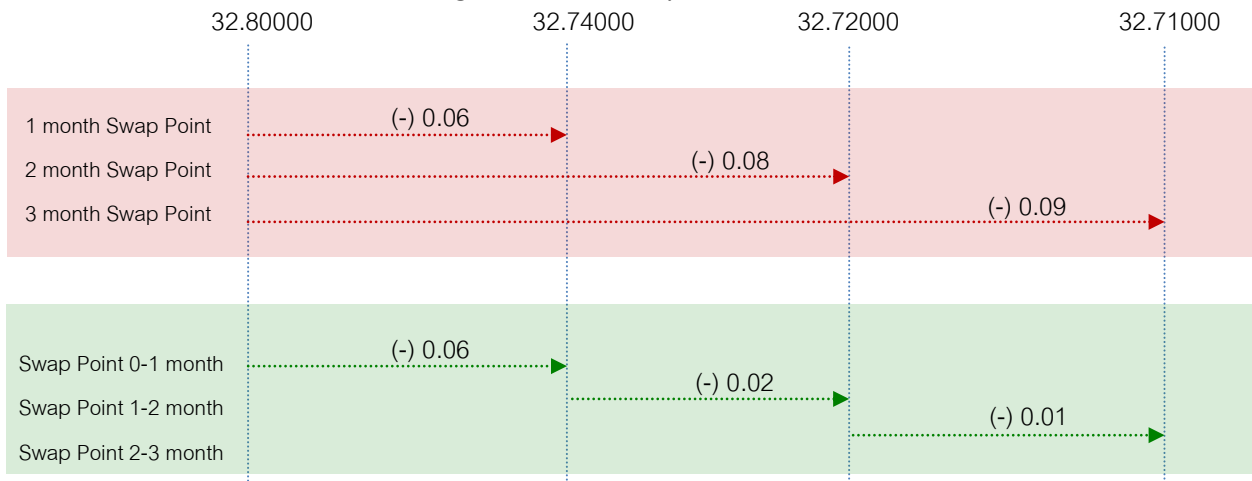
### Example of swap points calculation

- 1 Month Swap Points (3/1/2018 – 3/2/2018) or 31 days equal to (-) 6 Satang or THB (-)0.06
- 2 Month Swap Points (3/1/2018 – 3/3/2018) or 59 days equal to (-) 8 Satang or THB (-)0.08
- 3 Month Swap Points (3/1/2018 – 3/4/2018) or 90 days equal to (-) 9 Satang or THB (-)0.09

### Example of swap points calculation

- From spot date until 1 month after spot date, the daily-accumulated swap points is:  
= (1 month swap point / number of days in one month period)  
= (-)0.06 / 31 THB/day
- After 1<sup>st</sup> month until 2<sup>nd</sup> month, swap points would equal to the daily-accumulated swap points is:  
= {(2 month swap point – 1 month swap point) / (number of days in 2 months period - number of days in one month period)}  
= {((-)0.08 - (-)0.06) / (59 - 31)} THB/day
- After 2<sup>nd</sup> month until 3<sup>rd</sup> month, the daily-accumulated swap points is:  
= {(3 month swap point – 2 month swap point) / (number of days in 3 months period - number of days in 2 month period)}  
= {((-)0.09 - (-)0.08) / (90 - 59)} THB/day

----- Exchange Rate at Delivery Date of Pro Rata Forward for each month -----



----- Exchange Rate at each delivery date of Pro Rata Forward -----

3-Jan-18	32.80000			4-Mar-18	32.71968
4-Jan-18	32.79806			5-Mar-18	32.71935
5-Jan-18	32.79613			6-Mar-18	32.71903
6-Jan-18	32.79419			7-Mar-18	32.71871
7-Jan-18	32.79226			8-Mar-18	32.71839
8-Jan-18	32.79032			9-Mar-18	32.71806
9-Jan-18	32.78839			10-Mar-18	32.71774
10-Jan-18	32.78645			11-Mar-18	32.71742
11-Jan-18	32.78452			12-Mar-18	32.71710
12-Jan-18	32.78258			13-Mar-18	32.71677
13-Jan-18	32.78065			14-Mar-18	32.71645
14-Jan-18	32.77871			15-Mar-18	32.71613
15-Jan-18	32.77677			16-Mar-18	32.71581
16-Jan-18	32.77484			17-Mar-18	32.71548
17-Jan-18	32.77290			18-Mar-18	32.71516
18-Jan-18	32.77097			19-Mar-18	32.71484
19-Jan-18	32.76903			20-Mar-18	32.71452
20-Jan-18	32.76710			21-Mar-18	32.71419
21-Jan-18	32.76516			22-Mar-18	32.71387
22-Jan-18	32.76323			23-Mar-18	32.71355
23-Jan-18	32.76129			24-Mar-18	32.71323
24-Jan-18	32.75935			25-Mar-18	32.71290
25-Jan-18	32.75742			26-Mar-18	32.71258
26-Jan-18	32.75548			27-Mar-18	32.71226
27-Jan-18	32.75355			28-Mar-18	32.71194
28-Jan-18	32.75161			29-Mar-18	32.71161
29-Jan-18	32.74968			30-Mar-18	32.71129
30-Jan-18	32.74774			31-Mar-18	32.71097
31-Jan-18	32.74581			1-Apr-18	32.71065
1-Feb-18	32.74387			2-Apr-18	32.71032
2-Feb-18	32.74194			3-Apr-18	32.71000
3-Feb-18	32.74000				
		4-Feb-18	32.73929		
		5-Feb-18	32.73857		
		6-Feb-18	32.73786		
		7-Feb-18	32.73714		
		8-Feb-18	32.73643		
		9-Feb-18	32.73571		
		10-Feb-18	32.73500		
		11-Feb-18	32.73429		
		12-Feb-18	32.73357		
		13-Feb-18	32.73286		
		14-Feb-18	32.73214		
		15-Feb-18	32.73143		
		16-Feb-18	32.73071		
		17-Feb-18	32.73000		
		18-Feb-18	32.72929		
		19-Feb-18	32.72857		
		20-Feb-18	32.72786		
		21-Feb-18	32.72714		
		22-Feb-18	32.72643		
		23-Feb-18	32.72571		
		24-Feb-18	32.72500		
		25-Feb-18	32.72429		
		26-Feb-18	32.72357		
		27-Feb-18	32.72286		
		28-Feb-18	32.72214		
		1-Mar-18	32.72143		
		2-Mar-18	32.72071		
		3-Mar-18	32.72000		

## Gain & Loss from Pro Rata Forward

- For exporters or those who sell FX Forward  
Gain or Loss = FX Contract Rate – FX Market Rate (on settlement date)
- For importers or those who buy FX Forward  
Gain or Loss = FX Market Rate (on settlement date) -FX Contract Rate

## Scenario Analysis

- For exporters enter into Pro Rata Forward transaction by selling USD 1 million at 33.00

Notional Amount (USD)	Pro Rata Forward Rate on Settlement Date	USD/THB Spot Rate on Settlement Date	Gain/Loss in THB
1,000,000.00	33.00	30.50	2,500,000.00
1,000,000.00	33.00	31.00	2,000,000.00
1,000,000.00	33.00	31.50	1,500,000.00
1,000,000.00	33.00	32.00	1,000,000.00
1,000,000.00	33.00	32.50	500,000.00
1,000,000.00	33.00	33.00	0.00
1,000,000.00	33.00	33.50	-500,000.00
1,000,000.00	33.00	34.00	-1,000,000.00
1,000,000.00	33.00	34.50	-1,500,000.00
1,000,000.00	33.00	35.00	-2,000,000.00
1,000,000.00	33.00	35.50	-2,500,000.00

- For importers enter into Pro Rata Forward transaction by buying USD 1 million at 33.00

Notional Amount (USD)	Pro Rata Forward Rate on Settlement Date	USD/THB Spot Rate on Settlement Date	Gain/Loss in THB
1,000,000.00	33.00	30.50	-2,500,000.00
1,000,000.00	33.00	31.00	-2,000,000.00
1,000,000.00	33.00	31.50	-1,500,000.00
1,000,000.00	33.00	32.00	-1,000,000.00
1,000,000.00	33.00	32.50	-500,000.00
1,000,000.00	33.00	33.00	0.00
1,000,000.00	33.00	33.50	500,000.00
1,000,000.00	33.00	34.00	1,000,000.00
1,000,000.00	33.00	34.50	1,500,000.00
1,000,000.00	33.00	35.00	2,000,000.00
1,000,000.00	33.00	35.50	2,500,000.00

### **Risk from Pro Rata Forward**

- For exporters : if market exchange rate on settlement date is **higher** than pro rata forward rate in the contract, exporters will lose the opportunity to sell foreign currency at market rate
- For importers : if market exchange rate on settlement date is **lower** than pro rata forward rate in the contract, importers will lose the opportunity to buy foreign currency at market rate
- Credit risk from bank's credit status