

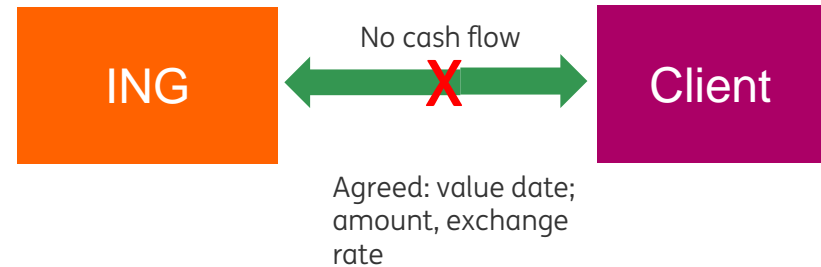
# FX Forward In Essence

# FX Forward at a glance

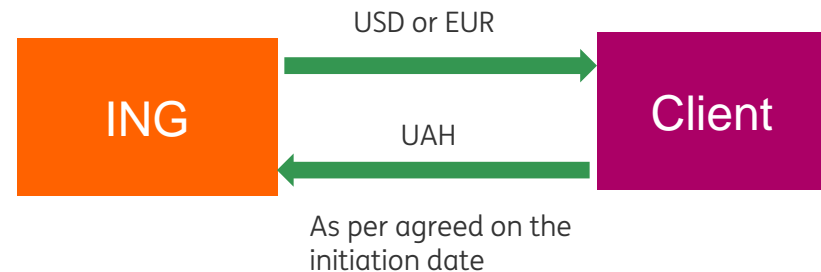
## FX Forward initiation and settlement

- FX Forward allows to buy or sell hard currency vs UAH on a future date at the terms agreed today
- Considered as a basic FX derivative allowing to hedge exposure to the FX risk
- The corporate 'buys' certainty by knowing the FX rate at which it can buy or sell currency for a period of up to three months (for ING)
- **On initiation date:** The terms are agreed and documented by the FX application. No cash flow changes hands. The import contract is already domiciled with ING Bank Ukraine and verified by FX Control
- If needed, a separate trade confirmation is sent out next day
- **On settlement date minus one:**
- The client transfers UAH on 2900 account and brings necessary documents
- **On settlement date:**
- The bank delivers USD or EUR to the client's account against UAH at the terms agreed on the Initiation Date

### Initiation date



### Settlement date



# Example of trade confirmation

## Trade Confirmation

Transaction type: FX Forwards

Trade Date: June 01, 2017

Settlement Date: August 01, 2017

Party A: Client

Party B: ING Bank Ukraine

Amount and currency payable by Party A to Party B: UAH 6,000,000

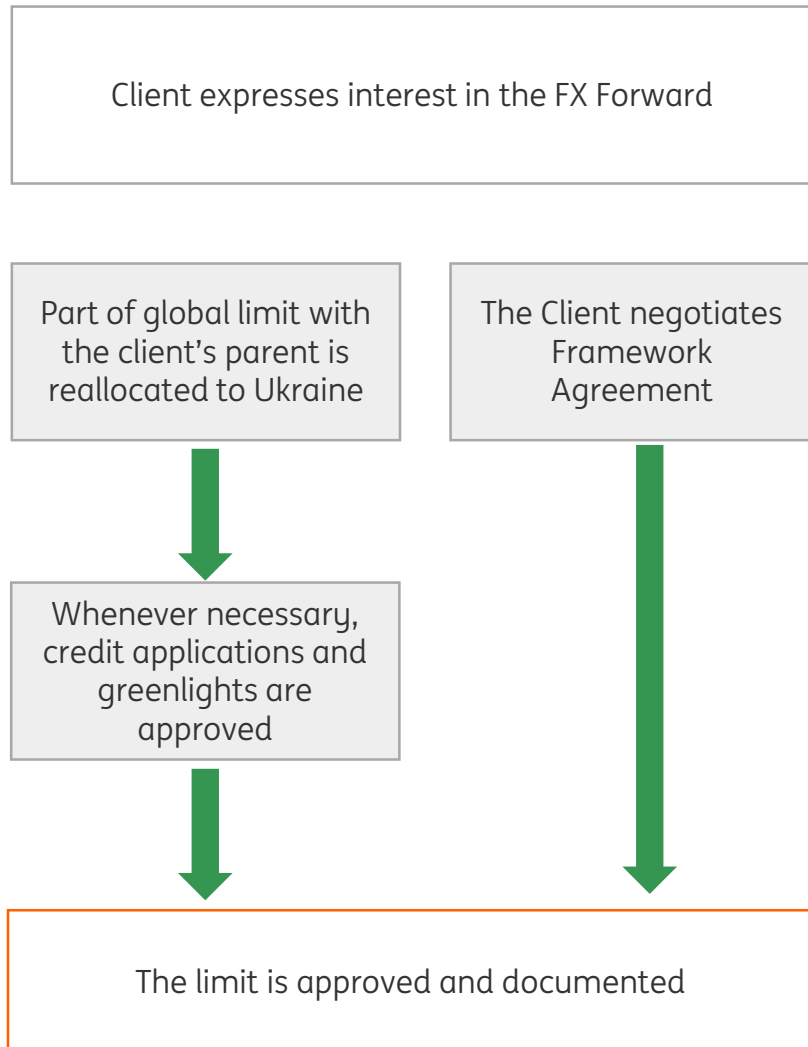
Amount and currency payable by Party B to Party A: EUR 200,000.00

Exchange rate: 30.00 EUR/UAH

Calculation agent: Party B

Account details: appropriate cash accounts of Party A opened with Party B

# Approvals, limits and FX Control



## FX Forward Agreement & Limits

- FX forward limits are separate from lending limits if there are such
- 'Clean' lines, no collateral, no cash cover
- FX agreement is framework agreement that describes what happens in case of regulatory issues and client defaults
- In case of default the client will owe the difference between the market rate and FX forward rate

## FX Control

- Most but not all FX-control documents should be available on the Initiation date
- Financial obligations (non-resident loans) cannot be hedged by FX forwards – only export/import transactions