



Source: Bloomberg

Indicative Transaction Terms:

Notional: USD 10mm
 Expiry: 1 Year
 Payout: SPX 90% Put subject to 10y USD CMS rate > ATMF + 40bps at expiry (ISDAFIX3)
 Offer: 1.00%
 Vanilla ref: 4.00%
 Ref SPc1: 2069
 Ref 10y ATMF: 2.265% (this is vanilla swap forward reference)

Market to market analysis and terminal payout scenarios:

| | SPX level as % of Reference Spot | | | | | | | | | |
|-------|----------------------------------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| | 50% | 60% | 70% | 80% | 90% | 100% | 110% | 120% | 130% | 140% |
| -1.0% | 3.28% | 2.27% | 1.33% | 0.66% | 0.29% | 0.13% | 0.06% | 0.04% | 0.03% | 0.02% |
| -0.5% | 8.00% | 5.85% | 3.45% | 1.81% | 0.84% | 0.38% | 0.20% | 0.12% | 0.07% | 0.05% |
| 0.0% | 15.98% | 11.56% | 7.38% | 4.10% | 2.00% | 1.00% | 0.52% | 0.33% | 0.22% | 0.14% |
| 0.5% | 25.80% | 18.96% | 12.44% | 7.19% | 3.70% | 1.83% | 1.04% | 0.68% | 0.47% | 0.32% |
| 1.0% | 33.95% | 24.14% | 16.76% | 9.86% | 5.23% | 2.67% | 1.55% | 1.01% | 0.70% | 0.48% |

The table shows the option prices for corresponding changes in the equity and rates level immediately after buying the option. For example if the SPX drops by 20% and the 10y USD CMS rate increases by 50bps immediately after the trade, the option value would move from 1.00% to 7.19%.

Source: Deutsche Bank Hybrid Desk. Scenarios run with same parameters.

DB research report:

DB Global Markets Research believes risk assets are at a bifurcation point – their future path depends on the way the economy and stimulus unwind and interact with one another. This research report addresses this market scenario as well as the transaction (slide 22). Attached as "US Fixed Income Weekly 3.27.15.pdf"

Looking forward to discussing further.

Regards,
 Daniel

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