

From: "Jabor Y." <[REDACTED]>
To: "jeffrey E." <jeevacation@gmail.com>
Subject: Re:
Date: Wed, 08 Jun 2016 09:35:52 +0000

Thank you. Not quite sure, but we may come to NY after 10 days. Will discuss more on this then and also the Marrakech plot.

On Monday, June 6, 2016, jeffrey E. <jeevacation@gmail.com> wrote:

- Credit lines at many banks floor the floating index at 0%. With 1-month Euribor fixing at -0.25%, the benefit of negative interest rates can be used to your advantage.
- You can bypass the floor by borrowing in USD at 1-month Libor (plus a spread) and using a cross-currency swap to create a synthetic EUR loan. The cross currency basis swap pays USD Libor and you pay -0.35% (so 35bps actually get paid to you as it is negative). This allows you to not only capture the benefit of negative rates but also cheapen the funding by the cross-currency differential in the market.

therefore

- By creating a synthetic EUR loan via cross-currency swaps, **you can reduce funding costs of Sheik Hamad by roughly 60 bps for 2 years** (combination of savings from negative Euribor rates and negative cross-currency basis).

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please note

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