CDS Trade Parameters & Price

BuyOrSellProtection	BUY	
BuySelIndicator, φ	1	
Notional, N	10,000,000	
HazardRate ¹ , $\lambda^{Domestic CCY}$	2.2947%	See Footnote 1
RecoveryRate, R	25.00%	Spread (bps)
CreditSpread, s	1.0000%	100.00
PremiumFrequency	QUARTERLY	
PremiumYearFraction, ∆t	0.2500	
Maturity, years	5.0000	
ZeroRate ² , z	14.00%	See footnote 2

Quanto Parameters

FX Jump on Default, J _{FX}	-40.00%	
Corrleation, $\rho_{(C,FX)}$	-0.25	
Credit Volatility, σ_{C}	25.00%	
FX Volatility, σ_{FX}	10.00%	Lambda Adjustment
HazardRate, λ ^{Quanto CCY}	1.3553%	-0.9394%

$$\lambda^{Quanto}(t) = \; \left(\; 1 + J_{FX} \right) \, \left(1 + \tfrac{1}{2} \; \varrho_{C,FX} \; \sigma_{C} \; \sigma_{FX} \; t \; \right) \lambda^{Domestic}(t)$$

Present Value (PV)	Without Adj	With Adj	+/-
CreditDefaultSwap	242,273	5,648	-236,626
PremiumLeg	-335,060	-342,377	-7,316
AccruedInterest	-964	-581	383
ProtectionLeg	578,297	348,605	-229,692

Par CDS R	ate	Without Adj	With Adj	+/-	Quanto
Par CDS R	ate, p	1.7231%	1.0165%	-0.7066%	70.66
Protectio	nPV - AccruedInterest	-577,334	-348,024	229,309	
RiskyFixed	lAnnuity	-33,506,024	-34,237,674	-731,650	

Footnotes

¹ Hazard rates are implied from credit models, approximately **Hazard Rate = Par CDS Rate / (1 - Recovery Rate**

 $^{^2}$ Zero rates are implied from yield curve models, approximately **Zero Rate = - In(Discount Factor at Maturity)**,

What-If Analysis

Quanto Basis

FX Jump on Default

70.66	0.00%	-5.00%	-10.00%	-20.00%	-30.00%
1.00	-10.80	-1.62	7.56	25.91	44.25
0.75	-8.10	0.94	9.99	28.07	46.14
0.50	-5.40	3.51	12.42	30.23	48.02
0.25	-2.70	6.07	14.85	32.38	49.91
0.00	0.00	8.64	17.28	34.54	51.80
-0.25	2.70	11.20	19.70	36.70	53.68
-0.50	5.40	13.77	22.13	38.86	55.57
-0.75	8.10	16.33	24.56	41.01	57.46
-1.00	10.80	18.89	26.99	43.17	59.34

Basis

Correlation

1)

 ${\it 'Time To Maturity In Years}$

... What-If Analysis

-40.00%	-50.00%
62.58	80.89
64.19	82.24
65.81	83.58
67.43	84.93
69.04	86.28
70.66	87.62
72.27	88.97
73.89	90.32
75.51	91.66

Time, T	Notional, N
0.25	-10,000,000
0.50	-10,000,000
0.75	-10,000,000
1.00	-10,000,000
1.25	-10,000,000
1.50	-10,000,000
1.75	-10,000,000
2.00	-10,000,000
2.25	-10,000,000
2.50	-10,000,000
2.75	-10,000,000
3.00	-10,000,000
3.25	-10,000,000
3.50	-10,000,000
3.75	-10,000,000
4.00	-10,000,000
4.25	-10,000,000
4.50	-10,000,000
4.75	-10,000,000
5.00	-10,000,000
5.25	-
5.50	-
5.75	-
6.00	-
6.25	-
6.50	-
6.75	-
7.00	-
7.25	-
7.50	-
7.75	-
8.00	-
8.25	-
8.50	-
8.75	-
9.00	-
9.25	-
9.50	-
9.75	-
10.00	-
10.25	-
10.50	-

			Domestic	Quanto
CreditSpread, s	YearFraction, δt	Coupon	P(Survive), Q(T)	P(Survive), Q(T)
1.0000%	0.2500	-25,000	0.994280	0.996618
1.0000%	0.2500	-25,000	0.988592	0.993246
1.0000%	0.2500	-25,000	0.982937	0.989887
1.0000%	0.2500	-25,000	0.977315	0.986539
1.0000%	0.2500	-25,000	0.971724	0.983202
1.0000%	0.2500	-25,000	0.966166	0.979876
1.0000%	0.2500	-25,000	0.960639	0.976561
1.0000%	0.2500	-25,000	0.955144	0.973258
1.0000%	0.2500	-25,000	0.949680	0.969966
1.0000%	0.2500	-25,000	0.944248	0.966685
1.0000%	0.2500	-25,000	0.938846	0.963415
1.0000%	0.2500	-25,000	0.933476	0.960157
1.0000%	0.2500	-25,000	0.928136	0.956909
1.0000%	0.2500	-25,000	0.922827	0.953672
1.0000%	0.2500	-25,000	0.917548	0.950446
1.0000%	0.2500	-25,000	0.912300	0.947232
1.0000%	0.2500	-25,000	0.907081	0.944028
1.0000%	0.2500	-25,000	0.901892	0.940834
1.0000%	0.2500	-25,000	0.896733	0.937652
1.0000%	0.2500	-25,000	0.891604	0.934480
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... Premium Leg

DiscFact, P(t,T)	Domestic PV	Quanto PV
0.965605	-24,002	-24,058
0.932394	-23,044	-23,152
0.900325	-22,124	-22,280
0.869358	-21,241	-21,441
0.839457	-20,393	-20,634
0.810584	-19,579	-19,857
0.782705	-18,797	-19,109
0.755784	-18,047	-18,389
0.729789	-17,327	-17,697
0.704688	-16,635	-17,030
0.680451	-15,971	-16,389
0.657047	-15,333	-15,772
0.634448	-14,721	-15,178
0.612626	-14,134	-14,606
0.591555	-13,570	-14,056
0.571209	-13,028	-13,527
0.551563	-12,508	-13,017
0.532592	-12,009	-12,527
0.514274	-11,529	-12,055
0.496585	-11,069	-11,601
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Time, T
0.250
0.500
0.750
1.000
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8.000
8.250
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8.750
9.000
9.250
9.500
9.750
10.000
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10.500

PremiumLegTotalPV

-335,060	-342,377
Domestic	Quanto

Notional, N	CreditSpread, s	YearFraction, δ t	Accrued Interest
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
-10,000,000	1.0000%	0.1250	-12,500
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Domestic	Quanto		
P(Default), Q(t) λ (t)	P(Default), Q(t) λ (t)	DiscFact, P(t,T)	Domestic PV
0.005720	0.003382	0.965605	-69
0.005688	0.003371	0.932394	-66
0.005655	0.003360	0.900325	-64
0.005623	0.003348	0.869358	-61
0.005590	0.003337	0.839457	-59
0.005559	0.003326	0.810584	-56
0.005527	0.003314	0.782705	-54
0.005495	0.003303	0.755784	-52
0.005464	0.003292	0.729789	-50
0.005432	0.003281	0.704688	-48
0.005401	0.003270	0.680451	-46
0.005370	0.003259	0.657047	-44
0.005340	0.003248	0.634448	-42
0.005309	0.003237	0.612626	-41
0.005279	0.003226	0.591555	-39
0.005249	0.003215	0.571209	-37
0.005219	0.003204	0.551563	-36
0.005189	0.003193	0.532592	-35
0.005159	0.003182	0.514274	-33
0.005130	0.003172	0.496585	-32
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AccruedInterestTota

-964

Domestic

... Accrued Interest

Quanto PV		
-41		
-39		
-38		
-36		
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-32		
-31		
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Time, T	Notional, N
0.250	10,000,000
0.500	10,000,000
0.750	10,000,000
1.000	10,000,000
1.250	10,000,000
1.500	10,000,000
1.750	10,000,000
2.000	10,000,000
2.250	10,000,000
2.500	10,000,000
2.750	10,000,000
3.000	10,000,000
3.250	10,000,000
3.500	10,000,000
3.750	10,000,000
4.000	10,000,000
4.250	10,000,000
4.500	10,000,000
4.750	10,000,000
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7.750	-
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8.750	-
9.000	-
9.250	-
9.500	-
9.750	-
10.000	-
10.250	-
10.500	-

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-581

Quanto

	Domestic	Quanto	
LossGivenDefault, LGD	P(Default), Q(t) λ (t)	P(Default), Q(t) λ (t)	DiscFact, P(t,T)
7,500,000	0.005720	0.003382	0.965605
7,500,000	0.005688	0.003371	0.932394
7,500,000	0.005655	0.003360	0.900325
7,500,000	0.005623	0.003348	0.869358
7,500,000	0.005590	0.003337	0.839457
7,500,000	0.005559	0.003326	0.810584
7,500,000	0.005527	0.003314	0.782705
7,500,000	0.005495	0.003303	0.755784
7,500,000	0.005464	0.003292	0.729789
7,500,000	0.005432	0.003281	0.704688
7,500,000	0.005401	0.003270	0.680451
7,500,000	0.005370	0.003259	0.657047
7,500,000	0.005340	0.003248	0.634448
7,500,000	0.005309	0.003237	0.612626
7,500,000	0.005279	0.003226	0.591555
7,500,000	0.005249	0.003215	0.571209
7,500,000	0.005219	0.003204	0.551563
7,500,000	0.005189	0.003193	0.532592
7,500,000	0.005159	0.003182	0.514274
7,500,000	0.005130	0.003172	0.496585
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... Protection Leg

Domestic PV	Quanto PV
41,426	24,496
39,773	23,574
38,185	22,686
36,661	21,831
35,197	21,009
33,792	20,218
32,443	19,457
31,148	18,724
29,905	18,019
28,711	17,340
27,565	16,687
26,465	16,059
25,408	15,454
24,394	14,872
23,420	14,312
22,485	13,773
21,588	13,254
20,726	12,755
19,899	12,275
19,104	11,812
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ProtectionLegTotalPV

578,297	348,605	
Domestic	Quanto	