Significant FX Savings
& On-Going FX Monitoring
with

FX Rate Integrity®

Transportation Company

Case study

Blades International, Inc.

THE OPPORTUNITY

Transportation Company deserves FX Rate Integrity®

Blades International, Inc. received a referral from a trusted CPA to contact a global Transportation Company about their Foreign Exchange payments.

Blades International, Inc. was interested in helping the Transportation Company receive a Fair Markup for their FX transactions, as they have a regular FX Flow of trades to support their Global business.

Blades International asked for a sample set of rates in order to determine whether we could help the Transportation Company.

BII conducted a *complimentary* initial assessment, as we do for all potential FX Rate Integrity® clients.

THE FINDING

Transportation Company deserves FX Rate Integrity®

- Blades International found the Transportation Company was receiving an **Excessive Markup** averaging 318 BPs.
- Considering the size of the Transportation Company, and their $2 million annual FX Flow, an average 318 BP markup needed to be improved.
- BII then began to coach the Transportation Company on how to diplomatically lower their average FX Markup and make sure it remained at the agreed level.

THE NEGOTIATION

Bank Agrees To Go To 50 BPs

- BII's Jack Borland coached the Transportation Company and provided alternatives on how they should structure the FX pricing to give the Bank a "Fair" and "Market" based markup.
- The goal was to maintain and foster the Bank relationship but not pay "Excessive Markups".
- Once the bank learned the Transportation Company had mandated BII for FX Advisory using the **FX Rate Integrity®** process, and heard BII's recommendations, they readily agreed to lower the markups to only 50 BPs.

YEAR 1

FXRI® Review

- BII reviewed the Transportation Company's FX transactions in year 1 by doing monthly reviews.
- BII expected to see that the bank maintained the agreed markup of 50 BPs throughout the year.
- The bank had agreed to a 50 BP Markup. However, this was not yet put in writing. BII's mandate called for reviewing the markups for over a one year period. BII intended to have the FX Markup agreement codified in writing before the end of the first year.

YEAR 1

FXRI® Review

- BII's review in the second quarter highlighted and pointed out the FX markups jumped back up to 270+ BPs. This "off the agreed grid pricing" continued for a period in the second and third quarter.
- The dramatic increase in markup proved the bank had altered the algorithm which manages the FX Markups. The company's bank had verbally readily agreed to a 50 BP markup, but this was not maintained.

YEAR 1

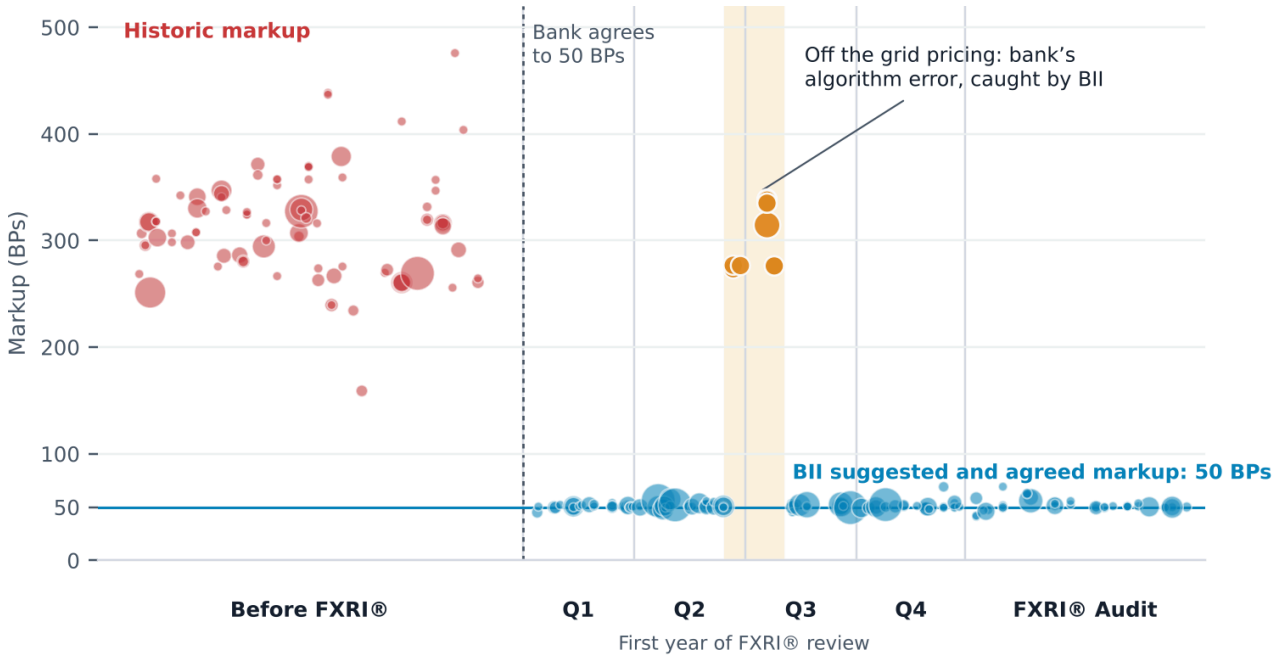
FXRI® Review

- The increased markup was due to an error on behalf of the bank. The Transportation Company had an algorithm for their FX transactions, which determined their Interbank Market Rates and Markups for each transaction.
- The Bank claimed they had accidentally made a change to this algorithm, resulting in a spike in BPs. The incorrect computer-generated algorithm resulted in the bank reverting to an excessively high BP markup for the company that went unnoticed for more than a month.
- In order to avoid this mistake in the future, BII advised the Transportation Company on how to further *clarify the BP agreement in writing*.

- The Bank apologized for the mistake. They claimed the Transportation Company's algorithm was connected to another company. When they changed the other company's algorithm they accidentally changed the Transportation Company's algorithm.
- The remainder of year 1 contained transactions which were done at the agreed rate of 50 BPs and the bank maintained **FX Rate Integrity®**.

First Year FXRI® Review

BP markup on each trade · each dot is one trade, sized by its US dollar amount



Historic BP Markup · First Year BP Markup / BII Suggested and Agreed Markup · Off the Grid Pricing

***FOOTNOTE**

- A temporary spike in FX Markup occurred between October-November.
- The increase purportedly resulted from an algorithm input error on behalf of the bank.

ONGOING MONITORING

FXRI® Audit

- The Transportation Company transitioned into taking **FX Rate Integrity® - Auditing**.
- The benefit of **FX Rate Integrity® - Auditing** is that for a nominal cost, the FX Markups can be continually reviewed to make sure **FX Rate Integrity®** is maintained.

FXRI® Audit

- During the audit year, Markups remained at an average of 50 BPs and the company was assured due to the **FX Rate Integrity® - Audit Service.**
- It is notable that during the audit year, the company had an increased estimated USD FX Flow of $8 million.
- Based on the larger flow, the Annual Save due to **FX Rate Integrity®** was estimated to be $214,000.
- It is notable that an increase in USD FX Flow may indicate the Transportation Company deserves even lower FX Markups.

KEY POINTS

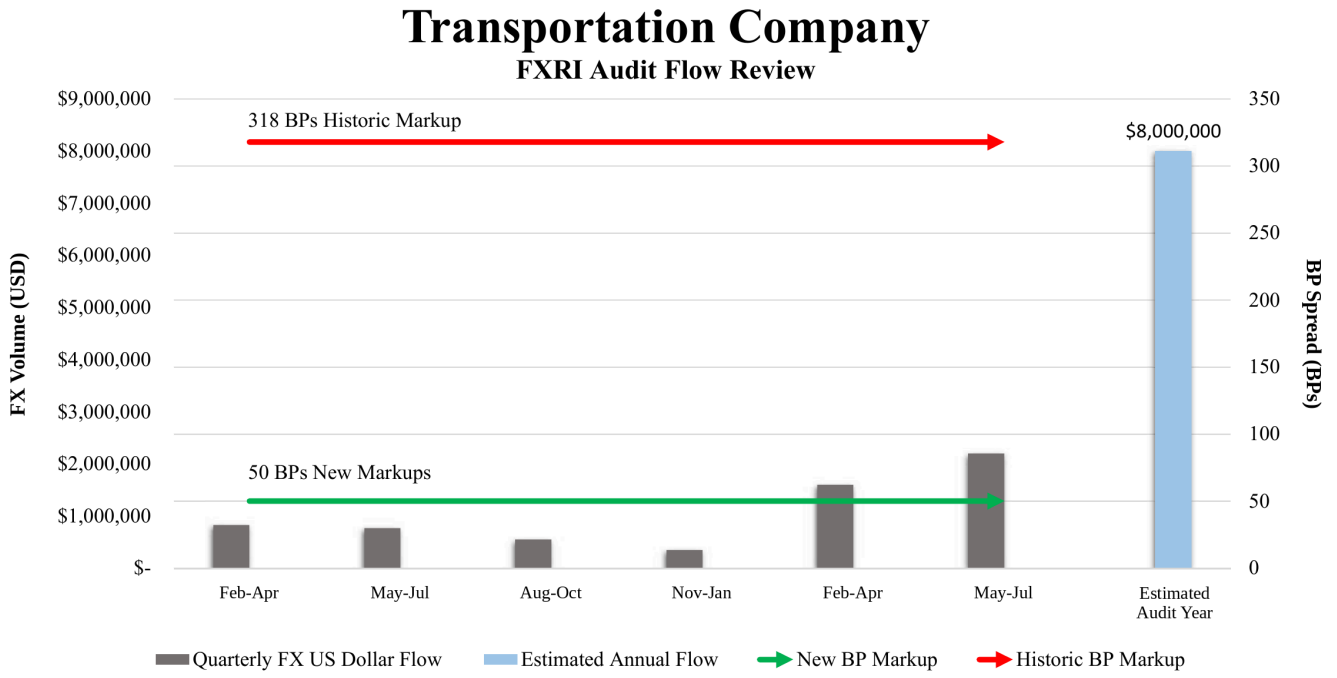
Despite the temporary increase in BP markup due to computer-generated error, the Transportation Company remained at their agreed markup for the remainder of BII's observation period. This was proven by **FX Rate Integrity® - Auditing**.

It is notable that once Blades International advised The Transportation Company to clarify their agreement with the bank in *writing*, the bank has consistently remained at, or close to, their agreed upon markup.

ONGOING MONITORING

FXRI® Audit

- Following BII's initial year-long review period, the Transportation Company officially, at their option, became a Blades International **FX Rate Integrity® - Audit** client.
- As an **FX Rate Integrity® - Audit** client, one receives quarterly reviews of FX rates.
- Throughout the **FX Rate Integrity® - Audit**, BII was happy to report the Transportation Company remained within a range of 49-51 BP for each quarter.



***FOOTNOTES**

- It is notable the quarterly flow grew to over $2 million, since FXRI® Auditing began.
- The Transportation Company was once receiving an average markup of 318 BPS, but went to a 49-51 BP range.
- The Transportation Company may want to consider negotiating to lower the FX Markup if USD volume flow continues to grow.
- We roughly estimated the annual volume for the Transportation Company for the audit year to be near $8 million based on the growth.
- Accordingly, the annual savings versus the historic 318 BPs could be about $214,000 per year and reflects the benefits of **FX Rate Integrity®**.