APPENDIX B
SCENARIOS OF PAYMENT SCHEDULES FOR OFFSETTING

Note: For simplicity, these examples do not take into account the time value of money.

Group 1: A portfolio of financial instruments (where each instrument has a single cash flow)

Scenario 1: Payment dates and maturities match within a group contracts

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	20						20
Contract B	(20)						(20)
Contract C		40					40
Contract D		(80)					(80)
Contract E			20				20
Contract F			(20)				(20)
	0	(40)	0	0	0	0	(40)

Group 2: Identifiable cash flows of two financial instruments

Scenario 2: The last payment date of Contract A matches with the first payment date of Contract B. No other matching payments.

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100				300
Contract B			(20)	(20)	(20)	(20)	(80)
	100	100	80	(20)	(20)	(20)	220

Group 3: Combination of an entire financial instrument with portions of another financial instrument

Scenario 3: Payment dates and maturity of one contract (Contract B) matches only the first half of another contract (Contract A) (portion of one and 100% of another)

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B	(20)	(20)	(20)				(60)
	80	80	80	100	100	100	540

Scenario 4: Payment dates and maturity of one contract (Contract B) matches the remainder (second half) of another contract (Contract A)

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B				(20)	(20)	(20)	(60)
	100	100	100	80	80	80	540

Scenario 5: Contract A pays monthly and Contract B pays every two months. Maturities match and the payment dates, when made under Contract B, match with Contract A.

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B		(50)		(50)		(50)	(150)
	100	50	100	50	100	50	450

Group 4: Combination of two or more entire financial instruments with entirely matching payment dates and maturities

Scenario 6: Payments dates and maturities match over the entire instruments

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B	(20)	(20)	(20)	(20)	(20)	(20)	(120)
	80	80	80	80	80	80	480

Scenario 7: Payments dates and maturities match over the entire life of the two contracts and the contracts' fair values completely offset

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B	(150)	(50)	(150)	(50)	(150)	(50)	(600)
	(50)	50	(50)	50	(50)	50	0

Scenario 8: Payment dates and maturities match in total between three contracts

	Date 1	Date 2	Date 3	Date 4	Date 5	Date 6	Total FV
Contract A	100	100	100	100	100	100	600
Contract B	(20)	(20)	(20)				(60)
Contract C				(20)	(20)	(20)	(60)
	80	80	80	80	80	80	480