

HedgeDirect: The 4-Step Swap Solution

LOAN-LEVEL INTEREST RATE HEDGING

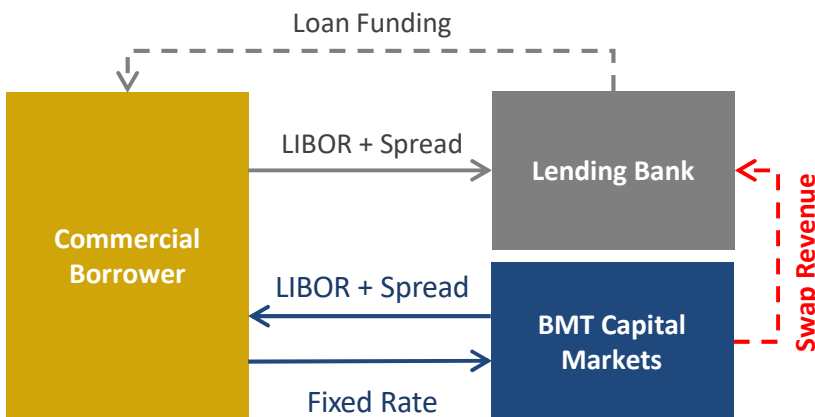
HedgeDirect™ gives community banks the ability to deliver competitive fixed rate loan financing, enhance fee income revenue, and manage interest rate risk – without the complexity of acting as a derivatives counterparty.

- STEP 1** Lending Bank executes a HedgeDirect Services Agreement with BMT Capital Markets, a one-time document that governs each party’s responsibilities in future hedging transactions.
- STEP 2** Lending Bank approves a LIBOR-based loan using its normal underwriting and approval process. BMT Capital Markets independently approves any HedgeDirect credit exposure using information provided by Lending Bank.
- STEP 3** Prior to loan close, the Commercial Borrower executes a Swap Customer Agreement with BMT Capital Markets, including an industry-standard ISDA Master Agreement.
- STEP 4** Following loan close, BMT Capital Markets executes an interest rate swap transaction with Commercial Borrower that effectively converts the original floating rate loan to a synthetically fixed rate for the Borrower’s desired term.

BMT’s interest rate risk professionals work closely with your commercial lending team to deliver practical, value-added expertise that differentiates you from the competition. Best of all, transaction execution and servicing is managed entirely by BMT Capital Markets.

Contact BMT Capital Markets to learn how HedgeDirect™ can supercharge your commercial lending business.

HedgeDirect Transaction Structure



Example Term Loan \$5.0 Million | 10Y Term | 25Y Amortization

Loan Credit Spread	(A)	2.00%
Break-Even Swap Rate	(B)	1.30%
Swap Mark-Up	(C)	0.30%
All-In Fixed Rate	(A+B+C)	3.60%
Swap DV01 (\$/bp)	(D)	\$3,892
Swap Revenue (Gross)	(C x D)	\$116,760
Net Swap Revenue to Lender		\$58,380