SOLUTIONS FOR FINANCIAL INSTITUTIONS

FIXED INTEREST RATE SWAP TRANSACTION PROGRAM

MANAGE RISK AND GENERATE FEE INCOME ON FIXED-RATE LOANS

When offering fixed-rate loan solutions, your financial institution needs a way to manage your interest rate risk. You may also want to generate more fee income, lower your funding costs and expand your product offering to become increasingly competitive in the marketplace.

PNC DELIVERS

PNC's Financial Institutions group has developed a comprehensive interest rate–hedging program for our clients called the Fixed Interest Rate Swap Transaction (FIRST) Program.

PNC's FIRST Program can be customized to meet your specific hedging needs, as well as the borrowing needs and sophistication level of your commercial loan customers.

CAPITALIZE ON PNC'S EXPERTISE

- Strong counterparty ratings (A- by S&P and A3 by Moody's)
- Relationship approach, including credit line availability
- Hedging experience (managing trading books in excess of $200 billion)
- Senior-level contacts on relationship and product teams

MAXIMIZE THE PROGRAM'S FLEXIBILITY

The following fixed-rate options can be offered to your commercial loan customers through PNC's FIRST Program:

- **Traditional fixed** — You offer a traditional fixed-rate loan to your commercial customers and enter into an offsetting swap with PNC.
- **Direct swap** — You offer a floating-rate loan combined with a fixed-rate swap to your commercial customers and enter into an offsetting swap with PNC.

LEVERAGE PNC'S ESTABLISHED HEDGING PLATFORM

Lender product training

- Focus on lenders' comfort level with assisting lenders in identifying and executing hedging opportunities.
- Discuss details of swap documentation, including the need to "spread" loan collateral to cover potential swap exposure.
- Differentiate between loan prepayment language and swap early termination provisions.
- Highlight the net cash flows associated with swaps and how these payments are typically billed.

Lender sales support

- Support the entire sales cycle for lenders, from their initial client discussions to closing the swap transaction.
- Provide private-labeled marketing materials that describe the benefits and considerations of utilizing swaps.
- Provide insight and answer questions regarding swap documentation.

Indicative pricing

- Provide a daily pricing sheet, an online pricing tool and access to trading desk for pricing on customized loan and hedging structures.
- Deliver "live" fixed-rate swap pricing for transactions at closing.

LEVERAGE PNC'S ESTABLISHED HEDGING PLATFORM (Cont.)

Documentation

- Supply standardized client swap documents.

Operational support

- Provide trade confirmations, payment advices and valuation statements to you and your commercial clients.

Accounting support

- Deliver monthly position reports used for accounting entries and access to Reval hedge accounting support and consulting services.

Regulatory Support

- Report all trades to DTCC Data Repository
- Provide Quarterly Call Report data
- Share best practices

Website access

- Offer online view of entire swap portfolio with specific trade details and access to operational and accounting reports.
- Online pricing tool provides in-house pricing and saving capability for prospective deals.
- Documents can be prepared and customized online.

BENEFIT FROM PNC'S "FIRST" PROGRAM

- Manage interest rate risk on a floating-rate basis.
- Fund commercial loans on the short end of the yield curve to lower costs.
- Generate fee income by including a markup in the fixed-rate swap.
- Expand product set and potentially create a competitive market advantage.

MARKET REPORTS

PNC's Capital Markets group and PNC's Economists regularly distribute relevant market and economic commentary. Reports include:

- PNC FIRST Daily Pricing
- National Economic Outlook
- International Economic Reports
- Regional Economic Reports
- Market Expectations Survey



READY TO HELP

At PNC, we combine a wider range of financial resources with a deeper understanding of your business to help you achieve your goals. To learn more about how we can bring ideas, insight and solutions to you, please contact your Relationship Manager or visit **pnc.com/fig**.

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