



FinXTech Connect Executive Briefings:

Driving Growth with Capital Markets Technology

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Derivative Path, Inc.



Derivative Path

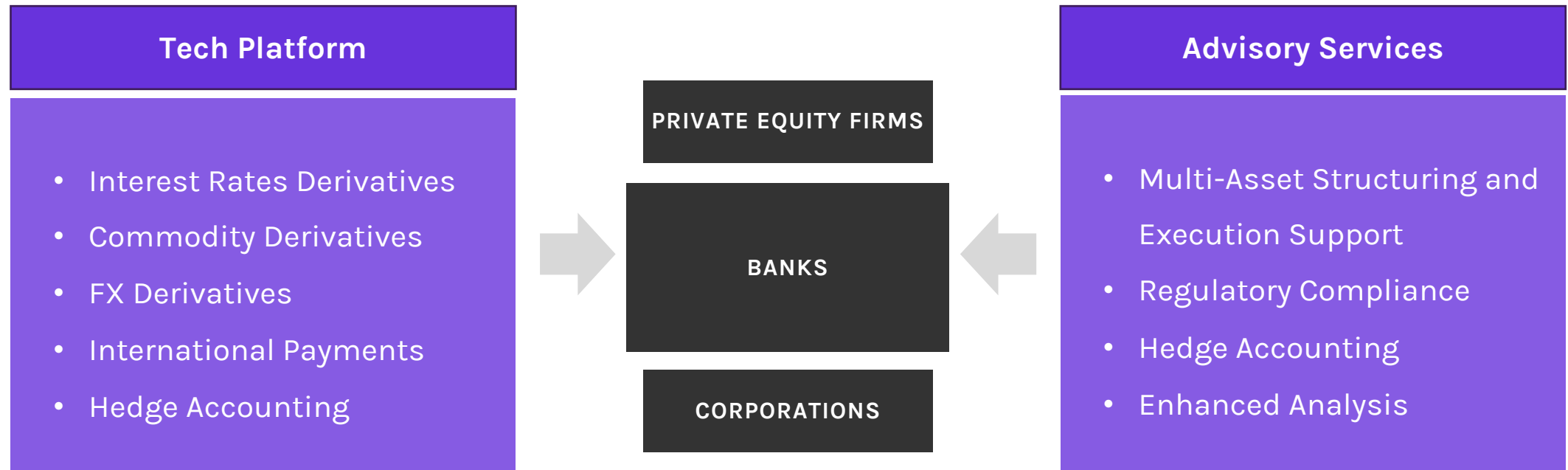
Driving Growth with Capital Markets Technology

Zack Nagelberg
Chief Growth Officer

Derivative Path provides financial technology and advisory solutions that provide wider access to capital markets

Comprehensive capital market solutions

We provide solutions for managing and executing interest rate, commodities, and FX derivatives and facilitating international payments.



Trusted partner to 200+ financial institutions



Our achievements

- We are majority **employee owned** with growth equity from **FTV Capital**
- ‘**Risk Management Firm of the Year**’ by Global Capital three years in a row
- ‘**Multi-Asset Trading System of the Year**’ by FOW Global Investor Group
- ‘**The Top 1% Workplace Award**’ from Harrington Star

Risk Management Advisory
Firm of the Year



2020 2021 2022

GlobalCapital

Multi-Asset Trading
System of the Year



2021

FOW
GLOBAL
INVESTOR
GROUP

The Top 1%
Workplace Awards



2021

HARRINGTON STARR

Best Alliance or
Partnership

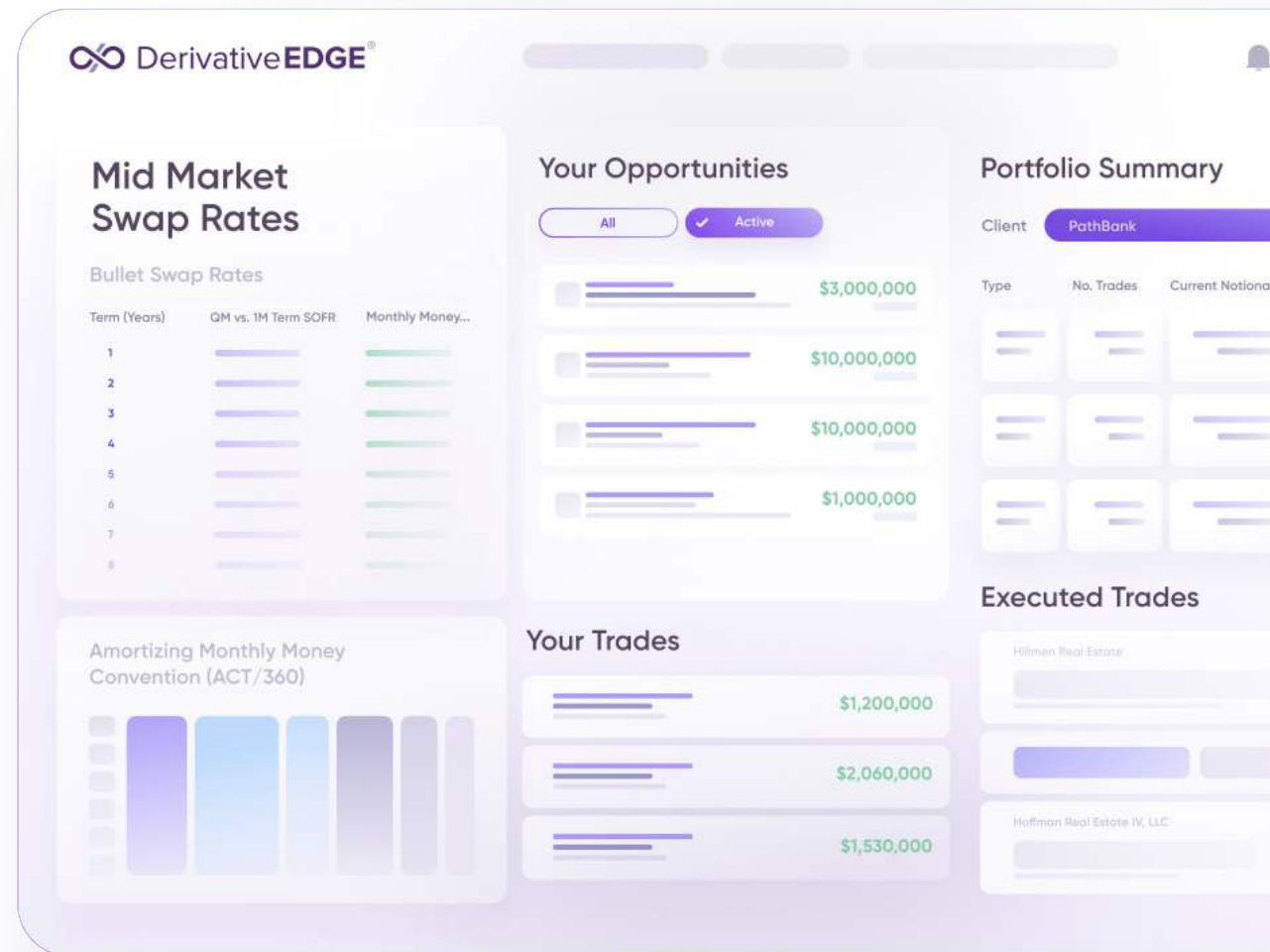


2023

waterstechnology

Our platform

Our trading and payment platform, **DerivativeEDGE**, combines seamlessly with our deep industry expertise to make strategy, execution, accounting and reporting fast and easy.



CASE STUDY



Interest Rate Management

Protecting Against Rising Rates

Interest Rate Management

Protecting Against Rising Rates



Scenario

- Commercial lender with ~\$1 billion in assets based in the Southwest
- Loaned \$50 million to one of their largest clients under the Fed's Main Street Lending Program
- Interest rate on five-year loan was tied to floating rate of 1m LIBOR + 3.00%
- Exposed client to potential floating rate increases

Interest Rate Management

Protecting Against Rising Rates



Solution

- Bank offered the borrower an interest rate swap that fixed their interest rate for the life of the loan
- Bank leveraged the Derivative Path platform and advisory services to execute and service the transaction
- Our platform generated all necessary trade documentation

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Protecting Against Rising Rates



Solution

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Outcome

- Protected the borrower from floating interest increases
- Reduced their interest expense by more than \$4 million
- Gave the bank the ability to generate significant fee income without assuming any interest rate risk on their balance sheet

CASE STUDY



Currency Risk Management

Managing Risk of Cross-Border M&A

Currency Risk Management

Managing Risk of Cross-Border M&A



Scenario

- Commercial lender with ~\$3 billion in assets based in Texas
- A client planned to sell their interest in a European company
- Sale price was denominated in Euros
- Concerned the Euro may weaken against the US dollar (reducing proceeds)
- Bank had no experience dealing in foreign exchange

Currency Risk Management

Managing Risk of Cross-Border M&A



Solution

- Bank offered their client a window-forward contract to lock in a fixed exchange rate for converting Euros into U.S. Dollars
- Derivative Path set up a relationship with an FX dealer for the bank and facilitated the trade execution
- Our platform generated all necessary trade documentation

Currency Risk Management

Managing Risk of Cross-Border M&A



Solution

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Outcome

- Client protected against a weakening Euro by locking in an attractive exchange rate while retaining flexibility for the timing of the settlement
- Bank generated significant non-interest income without having to set up any foreign currency accounts
- Bank solidified its relationship with an important depositor

CASE STUDY



Commodity Risk Management

Protecting Against Price Volatility

Commodity Risk Management

Protecting Against Price Volatility



Scenario

- Commercial bank with ~\$50 billion in assets in the Midwest
- A customer has significant exposure to fuel prices due to transportation costs in its business
- Requested assistance in hedging price volatility of diesel fuel
- Wanted to lock in a price on a recurring basis to better forecast & control expenses

Commodity Risk Management

Protecting Against Price Volatility



Solution

- Bank offered the customer a pay fixed swap against diesel fuel prices
- Bank entered into a back-to-back transaction with the customer & a dealer, netting a spread between buy and sell prices
- Derivative Path set up necessary requirements between the bank, customer & dealer
- Our platform generated all necessary trade documentation

Commodity Risk Management

Protecting Against Price Volatility



Solution

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Outcome

- Hedging using swaps protected against upward price movement
- Customer was protected from diesel fuel price volatility
- Bank generated significant fee income by capturing a spread from the back-to-back transaction

Thank You

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Chief Growth Officer

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Disclosure

General Privacy & Risk Disclosure Statement

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