

**RBC Royal Bank
Presentation To
National Buyer/Seller Forum
March 26 & 27, 2008**



Financing Options

- **Traditional Financing**
 - ▶ Margined Operating Loans
 - ▶ Term Loans for Equipment
 - ▶ Term Loans for Real Estate

- **Leasing**

- **Asset Based Lending**

- **Letters of Credit and Letters of Guarantee**



Traditional Financing

➤ Operating Loans

- ▶ Normally margined to 75% of good accounts receivable under 90 days old
- ▶ Monthly or Quarterly Reporting

➤ Term Loans for Equipment

- ▶ Amount based on security available, financial ratios
- ▶ Term based on age, condition, remaining useful life of equipment
- ▶ Fixed or floating rates available

➤ Term Loans of Real Estate

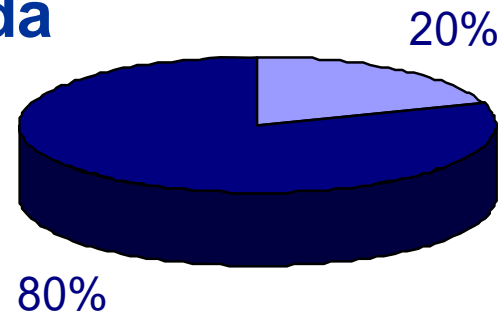
- ▶ Up to 75% financing at fixed or floating rates over 20 years

Leasing Solutions



The Leasing Advantage

- **A simple, cost-effective method to finance your business equipment needs**
- **Alternative & popular financing options for businesses in Canada**
 - ▶ **more than 20% of Canadian businesses lease equipment**
(Bearing Point Report)





The RBC Advantage

› Did you know that RBC:

- › Has a national team of lease specialists who have been serving Canadian businesses for over 30 years
- › Provides leasing for business equipment of almost every kind
- › Offers a comprehensive suite of leasing alternatives
- › Offers competitive rates
- › Can provide customized analysis to help you determine the right financing product for you (Lease versus Buy)
- › Can suggest the right leasing arrangement for your business
- › RBC was ranked #1 in equipment financing by PLANT magazine¹

1. PLANT, Canada's Industry Newspaper, July 2007.



Benefits of Leasing

- ▶ **Leasing benefits your business by:**
 - ▶ **Preserving your working capital** while acquiring equipment
 - ▶ **Simplifying your budget** – the terms of your lease can be structured to meet your unique business needs
 - ▶ **Offering possible tax advantages** – lease payments may be tax deductible
 - ▶ **Improving cash flow** – lease payments are typically lower than loan payments for the same equipment
 - ▶ **Allowing you to grow your business** – quickly & efficiently add new equipment without tying up capital



Flexible Leasing Solutions

- **RBC offers flexible leasing arrangements that provide:**
 - ▶ **Up to 100% financing for the cost of your business equipment, including taxes and installation**
 - ▶ **A variety of leasing terms and features**
 - ▶ **Financing for a wide range of business equipment**

Asset Based Lending



What is Asset Based Lending?

- **ABL represents more than 50% of financing in the US**
- **It is a rapidly growing financing tool in Canada that offers a different approach to transactions:**
 - **Traditional: Financial Statements → Management → Assets**
 - **ABL: Assets → Management → Financial Statements**



Typical ABL Client Profile

- 1. Companies hampered by conventional financial ratios (usually: Debt/TNW, Debt/EBITDA and working capital ratios)**
 - **High growth companies**
 - **Mergers & Acquisitions**
 - **Business succession planning**
 - **Companies in a turn-around situation requiring transitional financing to support a viable restructuring business plan**
Companies reorganizing and/or restructuring their financing;



Typical ABL Client Profile

- 2. Companies requiring higher financing percentages on assets than conventional banking can offer**
 - **Wholesalers**
 - **Retailers**
 - **Distributors**
 - **Businesses with long cash cycles**
 - **Change in business orientation (Manufacturer → Distributor)**
 - **Companies that have strong collectable receivables and saleable inventory but advance rates conventionally do not support their operating requirements**



Main Advantages of ABL for the Client

- 1. Achieve/maximize sales growth potential and minimizes opportunity cost**
- 2. Allow for a higher leverage and higher financing percentages on assets**
- 3. Increase flexibility: available financing increases as business expands:**
- 4. Greater Reliance on Collateral: resulting in –**
 - Greater access to funds reducing need for capital/equity injections by owners / shareholders
 - Limited requirement to renegotiate covenants
 - Reduced reliance on personal guarantees
- 5. Clients can profit from suppliers discounts which can significantly reduce the impact of the ABL pricing**



Products & Guidelines

	Margined Working Capital Loan (MWCL)	Selective Invoice Discounting (SID)	Term Loan (TL)
Solution	Replaces traditional operating line	Complimentary to traditional lines	Complimentary to MWCL
Profile	Sales: \$5MM + BRR: 3+L or better	Sales: 10MM\$ + BRR: 2-L or better	Same as MWCL
Financing	\$1MM and up (\$CDN /\$US)	\$1MM and up (\$CDN/\$US)	Same as MWCL
Margining	A/R: Up to 90%* Inventory: Up to 60% (70% on exception basis) * Can allow for sales terms > 90 days	Invoices: Up to 100%* * Can allow for sales terms > 90 days	Equipment: Up to 100% of forced liquidation value (FLV)
Term	1 to 5 year	As required (punctual)	1 to 3 year

Trade Products



Our Trade Solutions

Trade combines specialized expertise with a set of products to create client solutions

- › Letters of Credit (Export and Import)
- › Letters of Guarantee and Standby Letters of Credit
- › Advance Payment
- › Bid
- › Performance
- › Retention
- › Documentary Collections
- › Structuring
- › Pre-Export Financing programs
- › Advice and Counsel

While Trade specializes in international transactions, we can also assist in domestic transactions where Trade products are used (e.g. letters of guarantee)

Cash Management Products

FIRST > FOR YOU'



RBC
Royal Bank



Cash Management

- **RBC Express – A convenient & flexible web based suite of cash management services that puts control of day to day banking in your hands.**
- **Advanced Self Administration & Control Features plus State-of-The-Art Security**
 - ▶ **Ability to assign individual user access & privileges down to the account level**
 - ▶ **Approval Rules that can be customized to reflect your internal authorization processes**
 - ▶ **Two factor authentication for external payment transactions such as wires**
 - ▶ **Digital certificates & Public Key Infrastructure technology**
 - ▶ **Industry standard encryption**



Cash Management

Receivables \$\$

APA Via Financial Institutions

Pre-Authorized Debits
(U.S and Canadian Dollar)

Telephone and Internet Banking
(Corporate Creditor)

Lockbox Service - Mail
(Wholesale/Retail)

Corporate to Corporate
Financial EDI

Payments \$\$

Positive Pay/Reverse Positive
Pay/Payee Match

A/P Link – Single
Stream Processing

Wires

Direct Deposit
(CDN & US)

Information Management

- RBC Express - Balance and Transaction Reporting
- Account Images
- Incoming Wires
- Stop Payments
- Bill Payments
- Account Transfer

Receivables Link – Corporate to
Corporate Financial EDI (Internet
Banking Payments)

ACH Payment Manager – Online payment File Management for Pre-Authorized Debits or Direct deposit transactions



Questions?