



Alternatives for Working Capital Financing

Break-Out Session – Deutsche Bank Advisory Day

Passion to Perform

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.



Break-Out Session

Current Industry Trends:

Alternatives for
Working Capital
Financing

Presentation:
Bas Marteijs,
Head of Trade Finance

Interdependencies

Core Suppliers are increasingly gaining strategic importance for producers of goods and services

Globalisation

Buyer / Seller relationships tend to have a global reach, widening the scope for arbitrage opportunities between business partners

Increasing focus on Working Capital Management (WCM)

Many Corporates have recently launched company-wide initiatives to improve Working Capital Management, start to focus on the unused potential of Accounts Receivables and Account Payables

Open account payments

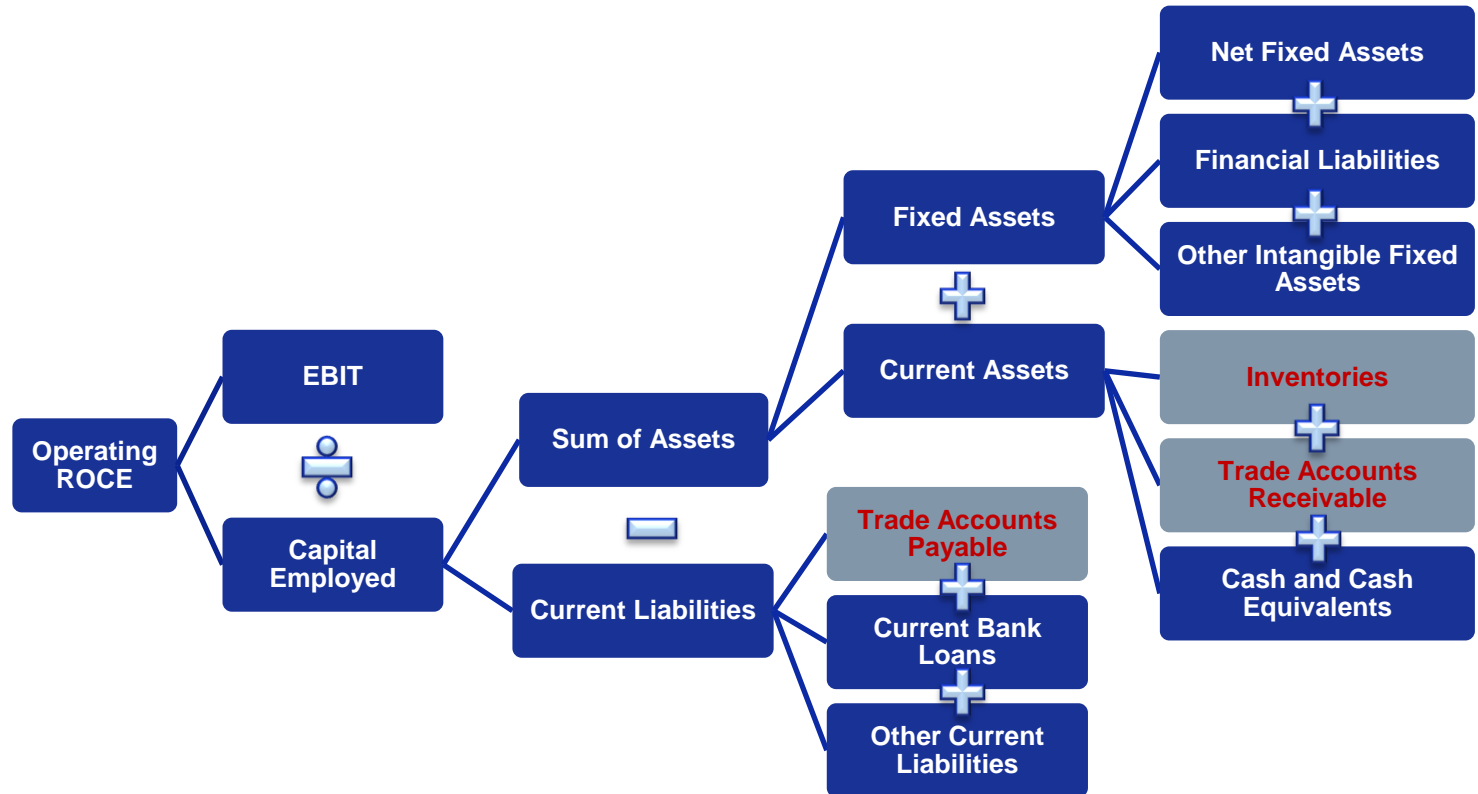
Accelerating trend away from traditional trade finance instruments towards open account settlement reduces transaction cost but increases counterparty risk for corporates



Break-Out Session

Alternatives for Working Capital Financing

Presentation:
Bas Marteiijn,
Head of Trade Finance



Working Capital Components in focus of Supply Chain Finance

ROCE Return on Capital Employed

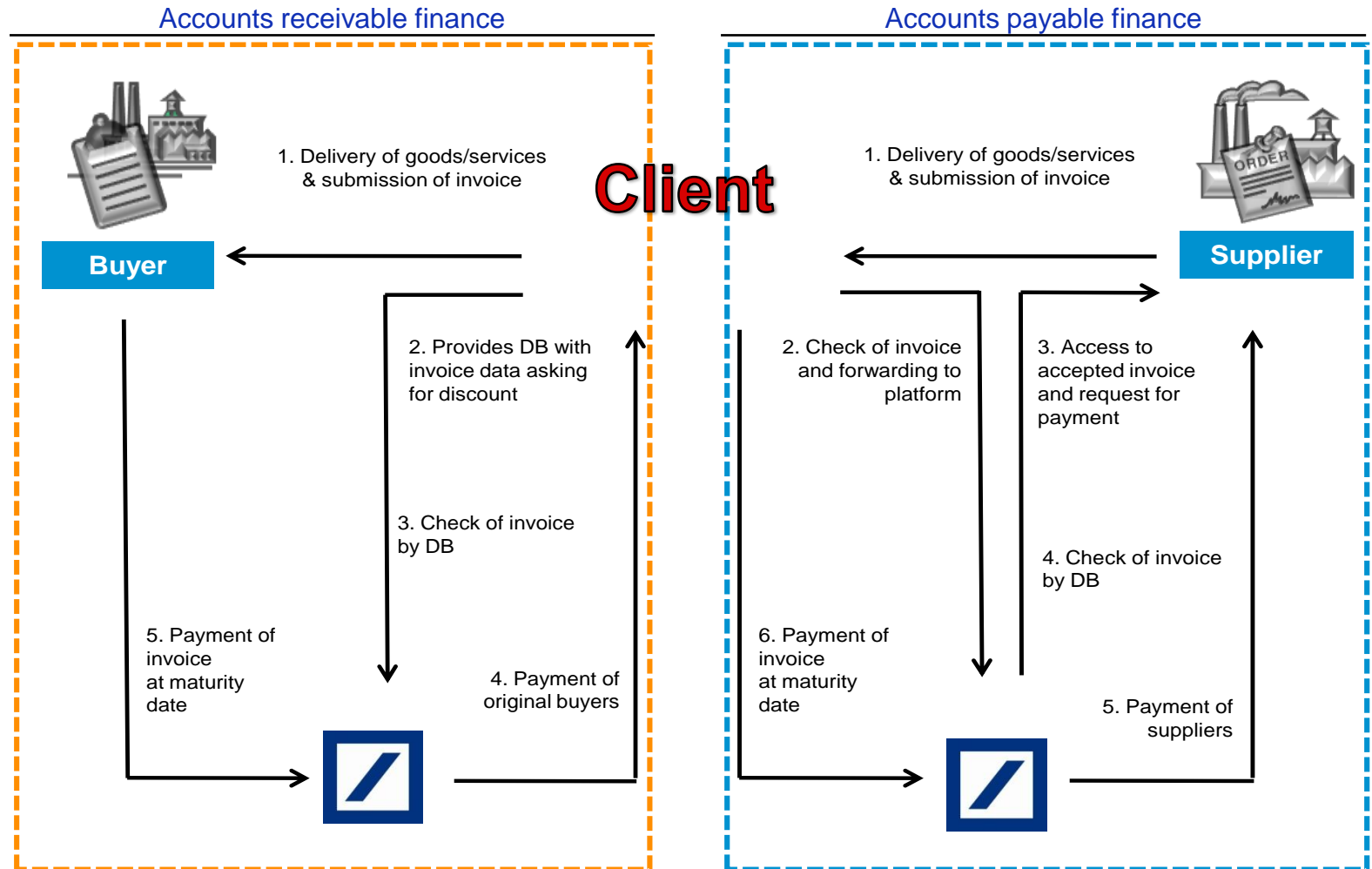


Break-Out Session

Alternatives for Working Capital Financing

Presentation:
Bas Marteijs,
Head of Trade Finance

Workflow of a Financial Supply Chain Solution





Break-Out Session

Alternatives for Working Capital Financing

Presentation:
Bas Marteijs,
Head of Trade Finance

Receivable Purchase

- Accounts Receivables Purchase is an optimal solution for corporates, who want to enhance their working capital management, reduce concentration risk of buyers, increase liquidity generation or use margin arbitrage between buyer and seller rating and thereby enabling mutual business growth.
- Deutsche Bank purchases trade receivables, originated out of commercial invoices after shipment, from our Client (seller) on a going concern basis with limited or without recourse to the seller. 100% advance rate of receivables, discounted based on matching CoF + a margin. Tenor of the Accounts Receivables in general is maximized up to 180 days.
- Deutsche Bank obtains the right of legal recourse against the buyer through an assignment of the underlying receivable by the seller in Deutsche Bank's favor. In case receivables are insured, insurance cover will also be assigned to Deutsche Bank.
- Depending on jurisdiction of the receivables, the credit approval for the buyer and the agreed conditions in the underlying contract the assignment will be disclosed to the buyer and the buyer will directly pay to Deutsche Bank on due date. If not the seller acts as a collecting agent for Deutsche Bank.
- Leverage Deutsche Bank international network: Account Receivable Purchase Program easily expandable across the globe!
- Advantages for the seller:
 - Receivables converted into cash upon shipment through optimized Working Capital Management.
 - Receivable Purchase is an additional source of funding without using own credit lines and providing transaction-related collateral.
 - Funding is matched to the seller's sales made to approved buyer.
 - Ability to de-risk your trade receivables on approved buyers.
 - Improvement of balance sheet ratios and working capital.
 - Increased sales due to broader financing opportunities and a better negotiation position.
 - Recurring cost reduction due to decrease in bank debt.
 - Lower Capital employed, decreased interest and lower debt result in increased equity value and Return on Capital Employed.



Break-Out Session

Alternatives for Working Capital Financing

Presentation:
Bas Marteijs,
Head of Trade Finance

Confirmed Payables / Supplier Finance

- Payables Finance is an optimal solution for our corporate clients (buyers), who want to enhance their working capital management, increase liquidity generation, improve trading partner relationships and thereby enable it business to grow.
- Deutsche Bank provides financing to key suppliers of our Client, by using available credit lines on the Client.
- When the Client approves invoices, the confirmed payables will be sent to Deutsche Bank.
- Deutsche Bank will provide the information of the confirmed payables to the supplier and the supplier may request Deutsche Bank to purchase the receivables.
- Deutsche Bank has legal recourse on the Client through an assignment of the underlying disclosed receivable by the supplier in Deutsche Bank's favor.
- Deutsche Bank discounts the receivables of the supplier upfront and collects the repayment from the Client on due date. Maximum tenor of 180 days.



Break-Out Session

Alternatives for Working Capital Financing

Presentation:
Bas Marteijn,
Head of Trade Finance

Advantages Confirmed Payables / Supplier Finance

- Benefits for the Buyer / the Client:
 - Improved negotiating position regarding purchase prices / terms of payment by offering attractive financing to the supplier.
 - Creation of additional liquidity due to longer payment terms and improvement of key indicators (WCM, EBIT, ROCE, interest expenses); credit lines for Payables Finance shall not arise as bank loans in balance sheet.
 - Closer relationship with strategically important suppliers, securing of supplier capacity and financing of common growth targets.
 - Flexibility in choice of suppliers and program size.
 - Option to join our electronic platform at a later stage without changing the complete legal documentation.
- Benefits for the Seller:
 - Promotion of sales volume by extending payment terms.
 - Additional source of liquidity without utilizing own existing credit lines.
 - Positive effect on important indicators / figures because of expected true sale of receivables (equity ratio, DSO ...).
 - More favourable financing in comparison to current account financing or factoring and by using a positive gap in the risk rating of the buyer.
 - Cost savings by replacement of credit insurance possible.
 - Elimination of debtor risk and avoidance of concentration risk.
 - Full flexibility by individual selection of invoices for discount and date of discount.
 - Accurate cash flow planning possible.



Optimizing funding strategy of a company – tapping from different sources

Break-Out Session – Deutsche Bank Advisory Day

Passion to Perform

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.



Break-Out Session

Optimizing funding strategy of a company – tapping from different sources

Presentation:
Diederik Kolfshoten,
Head of Structured Finance

Overview of Alternative Funding Solutions

SME Companies

Crowd Funding / Credit Unions

- Investeringsplein.nl
- MILK crowdfunding
- NPEX (bonds)

Asset Based Financing

- Borrowing Base / Factoring
- Lease

Governmental Programs

- BMKB / GO
- Finance for International Business

Subordinated Debt / Mezzanine

- Mezzanine funds / informals
- Regional Development Companies

Equity

- Private Equity Firms
- NPEX (shares)
- Regional Development Companies

Mid- / Large Cap Companies

Senior Debt

- Private Debt Funds
- Institutional Investors

Working Capital Solutions

- Receivable Purchase
- Asset-based Financing
- Supply Chain Solutions

Debt Capital Markets

- Private: SSD and USPP
- Public: High Yield, Corporate Bonds

Subordinated Debt / Mezzanine

- Mezzanine, 2nd Lien Debt
- Unitranche

Equity

- IPO
- Convertible



Break-Out Session

Optimizing funding strategy of a company – tapping from different sources

Presentation:
Diederik Kolfschoten,
Head of Structured Finance

Setting the Scene for Alternative Funding Solutions

Almost 80% of corporate debt funding in the Netherlands is provided by banks.

Basel III / CRD IV requirements impose capital constraints on financial institutions.

Quantitative Easing of the ECB/Fed has significantly lowered (short-term) funding costs and created an abundance of short-term liquidity.

Banks have tightened their lending standards, creating liquidity squeezes for selected sub-investment grade companies, in particular in the SME segment.



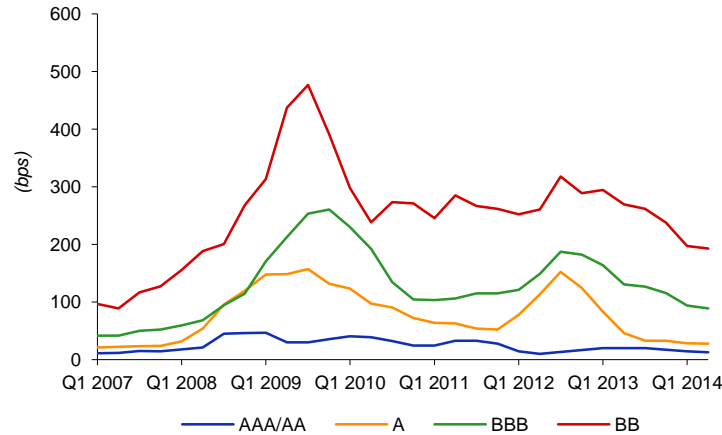
In the mean time.....

Margins have steadily dropped in recent years and are close to pre-crisis levels...

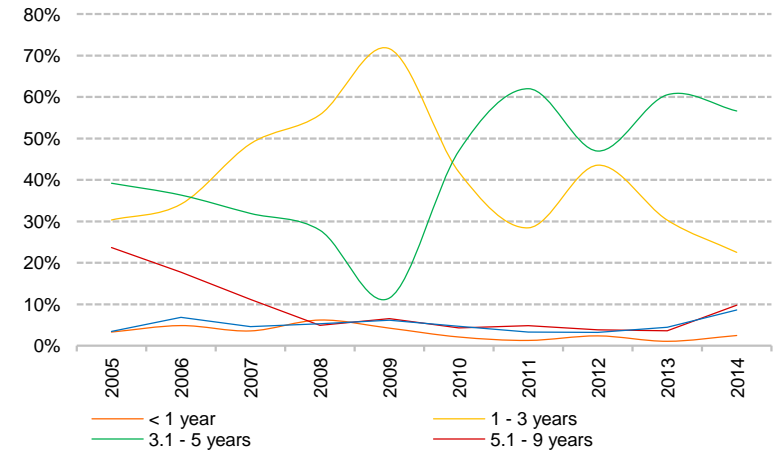
...whilst average tenors have been extended...

...and leverage multiples have increased

Average margin by rating range



Loan tenor evolution

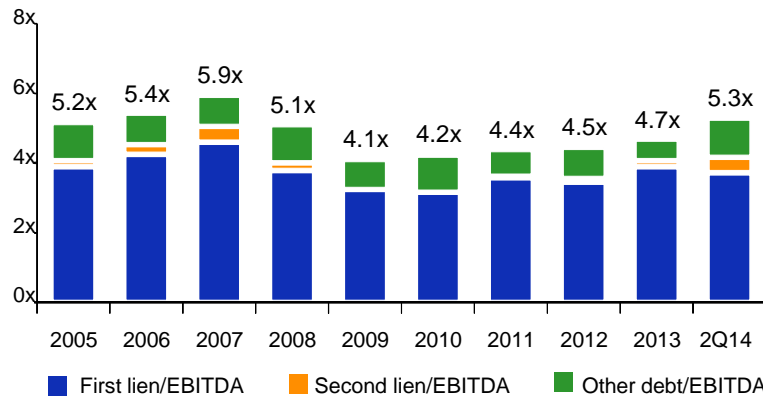


Break-Out Session

Optimizing funding strategy of a company – tapping from different sources

Presentation: Diederik Kolschoten, Head of Structured Finance

EBITDA multiples in leveraged loan market



Commentary

- Across EMEA, pricing has been falling dramatically as banks compete for business in a low volume environment
- Since 2009 pricings on IG facilities have become increasingly differentiated by country given the sovereign debt and macro related fragmentations of European loan markets.
- Current primary loan market conditions are very strong, driven by (1) Investor fund inflows; (2) Lack of new issue supply relative to demand; and (3) Less attractive secondary market valuations.



Step 1 in alternative funding: Operational Excellence

Break-Out Session – Deutsche Bank Advisory Day

Passion to Perform

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of our authorisation and regulation by the Financial Services Authority are available from us on request.

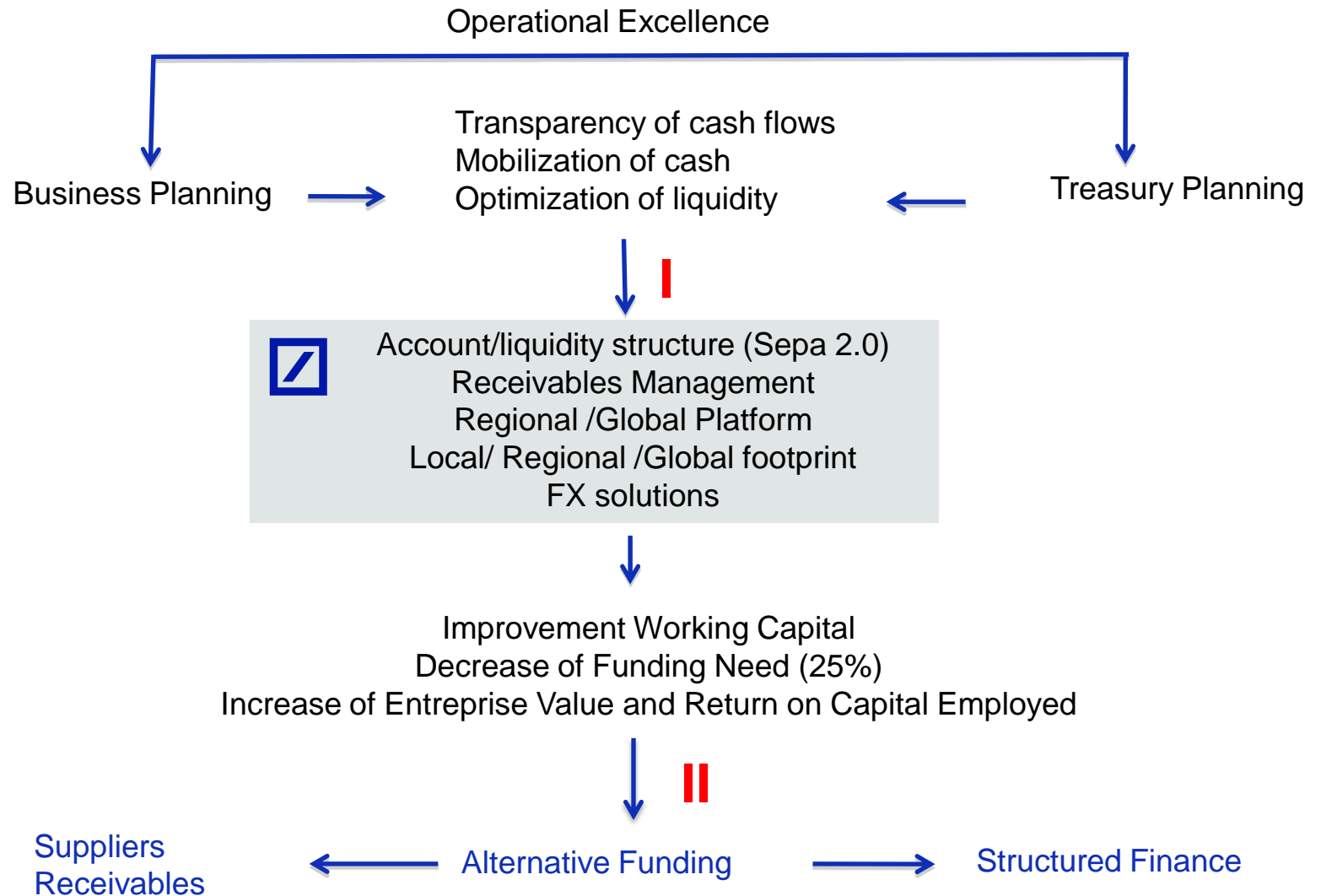
Deutsche Bank Advisory Day - 11 September 2014



Break-Out Session

Step 1 in alternative funding: Operational Excellence

Presentation:
Edwin Hartog, Head of Cash Management Corporates



The Deutsche Bank advantage

Why choose us for Cash Management and Trade Finance?



Reliable partner for sound advice and fresh ideas providing global market access combined with powerful execution and excellent service



Financial Stability

- Stable business model between Transaction Banking / Retail Banking and Investment Banking
- Strong external rating (Moody's A3, S&P A, Fitch A+)
- Strong capital basis
- Long history of commercial banking



Innovative Solutions and Expertise

- Market-leading provider of best-in-class working capital solutions through thought leadership and innovative use of technology assets
- Structuring and problem solving culture
- Influential driver of major industry initiatives
- Flexible and customized payments and collections services



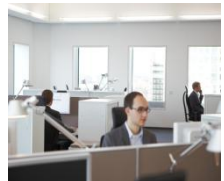
Global Leadership in FX and Clearing

- Leading FX bank globally (15.67% market share in 2014)
- World's largest Euro clearing bank and #6 in USD clearing¹⁾
- Fully scalable platform and infrastructure to process large volumes
- Average daily payment processing in excess of EUR 1.1 trillion²⁾
- EUR 73.9 billion³⁾ Trade Finance book



Global Network with a leading European Position

- Global footprint with Cash Management and Trade Finance operations in 47 countries and more than 190 locations
- "Follow the sun" global operating model
- Full relationship, sales, service and technology teams across our global presence with full knowledge of clearing and settlement systems



Commitment to Service Excellence

- Market differentiating, high quality Trade & Cash services and implementation channels for our clients
- Proprietary global network of local customer service teams
- Easy to use client access channels

Deutsche Bank Advisory Day –
11 September 2014

1) Source: ECB, based on EURO payments through 'Target 2' and 'EBA EURO1' clearing system, CHIPS (March 2014)
2) Peak volumes Source: GTB Finance as of March 2014 3) Source: GTB Finance as of March 2014

Deutsche Bank global footprint



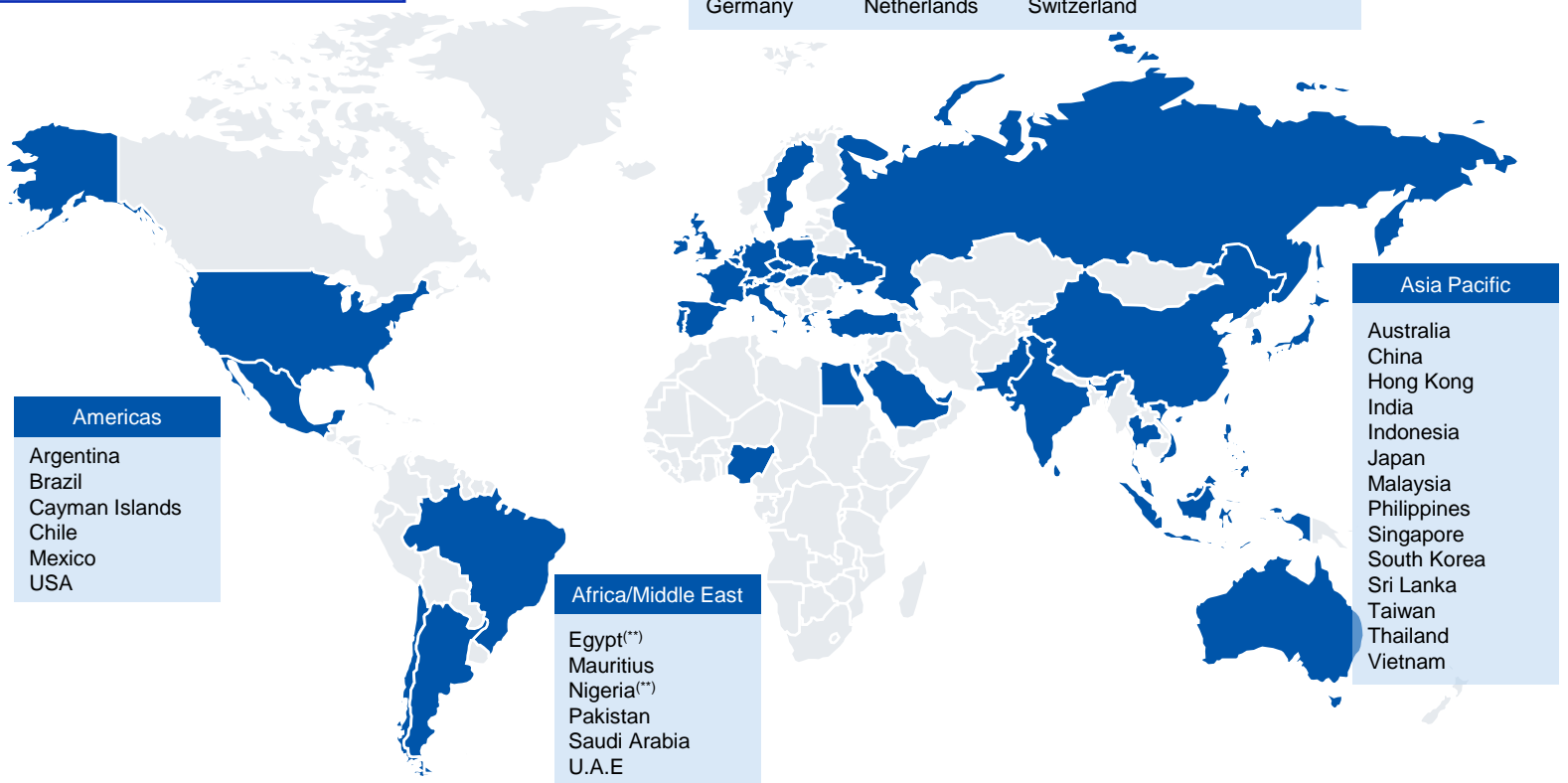
“We aspire to be the leading client-centric global universal bank”

Global Transaction Banking

The Global Transaction Banking division of Deutsche Bank employs 4,627 people and has a presence in 46 countries, serves customers in more than 190 countries.

Europe

Austria	Greece	Poland	Turkey
Belgium	Hungary	Portugal	Ukraine
Channel Islands	Ireland	Russian Fed.	United Kingdom
Czech Republic	Italy	Spain	
France	Luxembourg	Sweden	
Germany	Netherlands	Switzerland	



Deutsche Bank Advisory Day –
11 September 2014