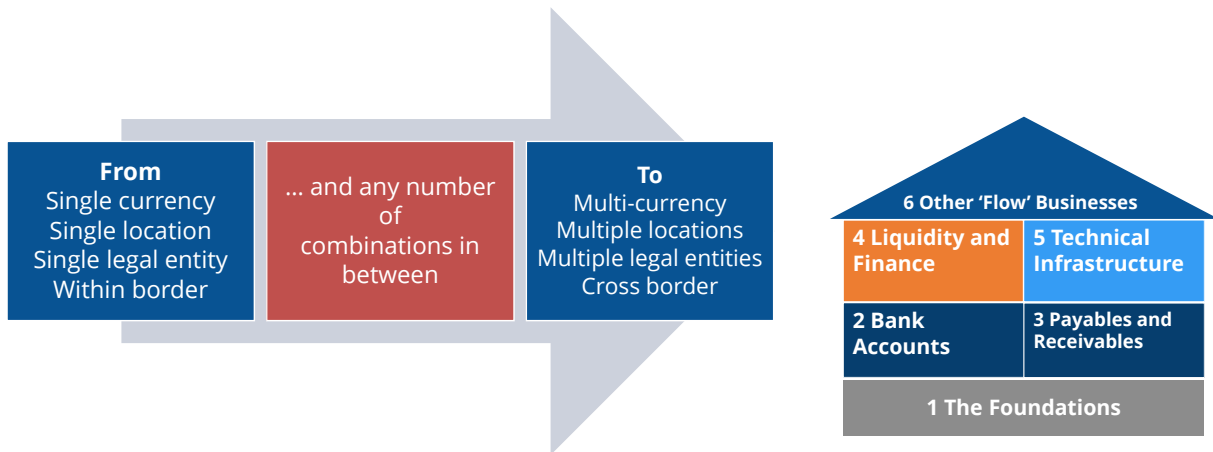


Liquidity and Finance and.....

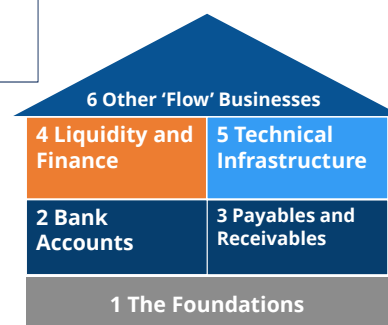


Liquidity and Finance

With all Liquidity structures and solutions, the goal of the Corporate Treasurer is to:

- Accelerate all Receivables
- Make all Payables on time, not early
- Ensure there is always enough cash to meet all the Company's outgoings
- Fund all deficits/reduce borrowing
- Invest all surpluses

In order to facilitate this process, it is essential to have all cash (be it deficit or surplus) in a single location





Liquidity and Finance Cash Concentration and Notional Pooling

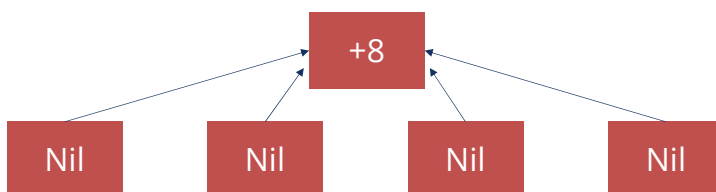
Liquidity and Finance - Cash Concentration

Bringing separate cash positions together:

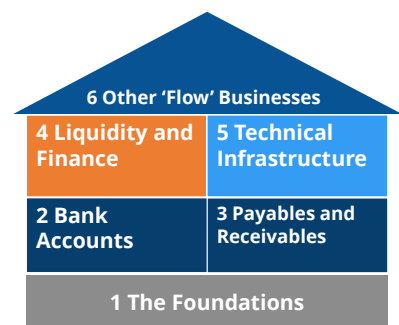
Cash Concentration



Apply the Cash Concentration structure



Overall position: + 8



Liquidity and Finance - Cash Concentration

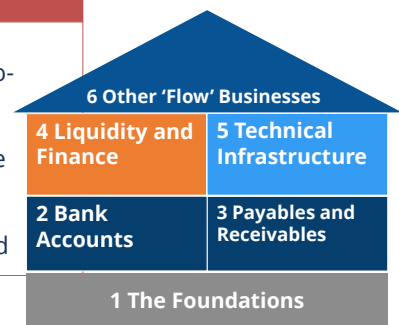
Central Bank approval may be required
Permitted in many financial centres

Advantages:

- all surplus cash in a single account
- automatic set-off of surpluses/deficits

Disadvantages:

- cash moves from each bank account
- separate legal entity accounts are "zero-balanced"
- establishes inter-company loans
- makes interest re-apportionment more difficult - products available to help
- separate "Treasury" accounts required
- "lead" account (if used) is contaminated



Liquidity and Finance - Notional Pooling

Bringing separate cash positions together:

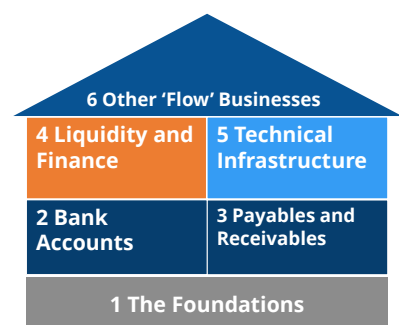
Notional pooling



Apply the Notional pooling structure



Overall position: + 8



Liquidity and Finance - Notional Pooling

Central Bank approval required

- same right
- same value date
- multi-lateral cross guarantees

Advantages:

- cash stays in each bank account
- separate legal entity accounts are untouched
- does NOT establish inter-company loans
- facilitates interest re-apportionment
- potential legal off-set on bank balance sheet

Disadvantages:

- separate "Treasury" account required
- "lead" account (if used) is contaminated

- However care – Changing regulations means less popular for banks than in previous years
- Basel III/CRD IV

