Outline

- The Role and Relevance of International Banking
- Importance of Maturity Transformation to a Corporate Treasurer
- Liquidity Products, as an Example
- Impact of Limiting Maturity Transformation
- Key Issues Looking Forward
International Banking Defined

**International Banking**
Prudent and sustainable banking model to meet the evolving market and regulatory backdrop

- **Debt Financing**
  - Short-term (cash, trade) and long-term (bonds, loans) debt financing and balance sheet advisory
  - Specialist fixed income products and advisory

- **Transaction Services**
  - Comprehensive range of payables and receivables, liquidity and investment management, foreign exchange, international trade and corporate cards services
  - Global clearing capabilities, partner bank arrangements and transaction processing

- **Risk Management**
  - Comprehensive markets expertise in fixed income and FX products and in liquidity and balance sheet management
  - Risk management and mitigation across financing and trading
  - Relevant insight through award-winning research and analysis

- **Our Network**
  - Expert advice, ideas and solutions drawing on our strong track record in financing and markets
  - On-the-ground presence in developed and emerging markets
  - Local coverage with embedded sector specialists

**Clients**
- Corporates
- Financial Institutions
- Public Sector
- Sovereigns
International Banking & Maturity Transformation

1. Focus on the Treasurer and the Treasury function

2. End-to-end view of working capital

3. ‘Balance sheet’ products and services

4. Tools to drive transparency and efficiency

Banks’ ability to deliver services that optimise working capital and the overall treasury function is dependent on flexible maturity transformation
An Example

- Banks hold client funds which exhibit diverse ‘behaviours’
- In aggregate, these balances are predictable and ’sticky’
The Impact of Limiting Maturity Transformation

Key for our business and our clients is balancing growth that maturity transformation provides against the risks it creates.

- Redirects trapped cash
- Safeguards against negative shocks

International consistency, both in terms of regulation and its operational interpretation, will be critical to the success of policy objectives.
Corporate Treasury Priorities Reflect the Risk / Reward Equation

• Treasury optimization
  • Liquidity management
  • Supply chain management
  • Trade finance
  • Data analytics
  • Concentration risk

<table>
<thead>
<tr>
<th>Key Areas of Focus for Treasury Through 2012</th>
<th>All</th>
<th>Annual Revenues Under $1 billion</th>
<th>Annual Revenues Over $1 billion</th>
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</thead>
<tbody>
<tr>
<td>Cash management and forecasting</td>
<td>65%</td>
<td>66%</td>
<td>63%</td>
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<tr>
<td>Financing and capital allocation</td>
<td>42%</td>
<td>37%</td>
<td>47%</td>
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<tr>
<td>Treasury and payment solutions</td>
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<td>Risk management</td>
<td>29%</td>
<td>32%</td>
<td>27%</td>
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<td>Serving as a more strategic resource to the organization</td>
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<td>25%</td>
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<td>Bank relationship rationalization</td>
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<tr>
<td>Review investment options and policies</td>
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<td>21%</td>
<td>24%</td>
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<tr>
<td>Merger &amp; acquisition/investment banking</td>
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<td>16%</td>
<td>14%</td>
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<td>Credit syndicate renewal</td>
<td>13%</td>
<td>11%</td>
<td>14%</td>
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Source: 2011 AFP Strategic Role of Treasury Survey
Looking forward

1. Continue to drive improvements in working capital cycles through with tools that increase transparency and efficiency

2. Leverage our balance sheet to help companies optimise working capital, with transformation flexibility that balances risk and reward

3. Cooperate with banks, regulators, technology providers and international standards bodies to promote schemes that reduce bank concentration risk