

How Commercial Banking Can Help You and Your Clients



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**How Commercial
Banking Can
Help You and
Your Clients**

May 2019

Agenda

- Managing your company's excess cash flow
- Cross Border Financing –
- Credit Adjudication within 15 minutes (Business Banking Express)

- Questions

Do you benefit from your unused deposit?



Maxime Couture

Business Deposit Specialist
Québec Region | BMO

BMO  **Financial Group**
We're here to help.

Purpose of today's session

Today's objective is to increase your return on unused, dormant, temporary deposit.

Today's short session, will focus on the following point:

- Short and mid Terms? Should I ask?
- Easy structuring and the ask
- BMO's Mission in helping you achieving high return.
- Conclusion

Short and mid Terms? Should I ask?

The bank interest in short and mid terms deposit?

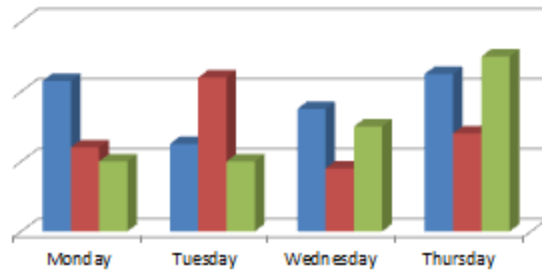
- Vs Long term strategy, the known factor
- When can BMO help us? Startup to MegaCorp.
- When?



Easy structuring and the ask

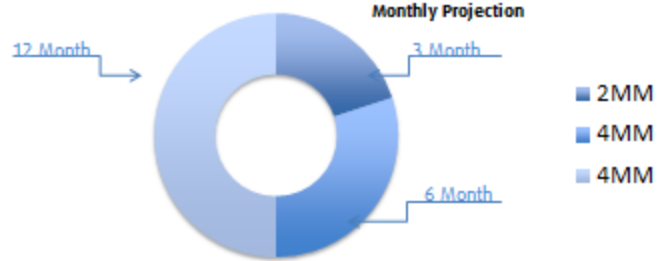
Operational Deposits (Working Capital)

Deposits needed for day-to-day operations



Non-Operational Deposits

Temporary/Dormant Excess Cash



BMO'S Mission:
Advice/Support = High return.
 Deposit/Financing/Cash Management Tech/FX and more

Conclusion / Thank you



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BMO Business Xpress

May 2019

Established in 1817, Bank of Montreal is strongly positioned as one of Canada's top banks operating globally with customers worldwide

8th largest

bank in North America
by assets

\$774 billion

in total assets



3 Operating Groups

Personal & Business Banking

BMO Wealth Management

BMO Capital Markets

We Serve

12+ Million

Customers globally

8+ Million

Personal & Business
customers in Canada

2+ Million

Personal & Business
customers in the United
States

Community Focus

\$63.5 Million

in donations



BMO  Bank of Montreal
we're here to help

WHY CHOOSE BMO BUSINESS BANKING?

Award Winning



BMO has been named Best Commercial Bank in Canada by World Finance magazine for four years in a row (2015 - 2018)

24/7 Banking



Setting up BMO Online and Mobile Banking gives you secure 24/7 access to your business account wherever you go

Customer Service



We can help turn your business questions into results. We'll take the time to understand your business needs and help find the banking solution right for you

The BMO Business Xpress Platform has revolutionized how we originate Small Business loans with our customers in Canada



BMO  Bank of Montreal
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1 - Based on BMO guidelines. 2 - Term Loans Include: Fixed Rate Term Loan, Demand Loan Non-Revolving, Canada Small Business Financing Act Loans; Amortization up to 120 months.

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Our Approach to Business Banking



Our Value Proposition

At BMO, we believe that partnerships are important. In fact, we believe that the choice of bank can be one of the most consequential a business can make. We are a powerful business partner. A relationship with us creates better options and outcomes. Our clients emerge stronger.



Our Five Business Beliefs

- 1 Owning a business is an act of courage
- 2 The choice of bank is one of the most consequential a business owner can make
- 3 Relationship managers that act as order takers are short changing their clients
- 4 Clients hate surprises and silence
- 5 Earlier conversations create better options and outcomes

Become a trusted & reliable partner to your clients business by helping them grow and succeed with solutions offered by BMO



Save your clients time with quick access to capital for their business^{**}

Not limited to a single product but offering a full suite of products for your client's business

Build stronger credibility with your clients by having a better predictability of financing decisions

*Subject to meeting Bank of Montreal's credit granting criteria.

BMO  Bank of Montreal
We're here to help[®]

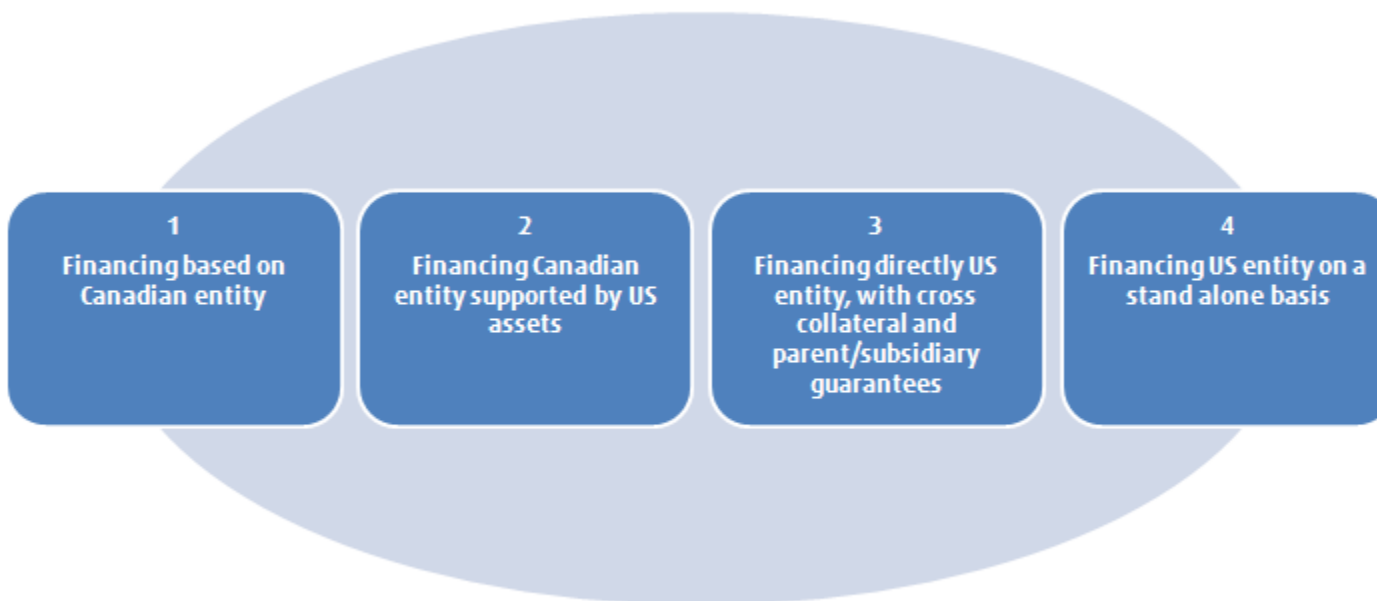
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**BMO's
Cross-border
Financing
Capabilities**

May 2019

Cross-border Financing Scenarios: 4 Options



1 - Financing based on Canadian entity

Background:

- *Cross-border Transaction via BMO Canada*
- *Loan transaction is done to Canadian parent to support US operation based entirely on Canadian operations*

Structure:

- *Canadian Parent is borrower without any support from US sub.*

Example: *Canadian company borrows through BMO Canada with pledge of Canadian assets. There is no reliance upon US assets or guarantee from US sub. Loan is done entirely based upon what is going on in Canada. Loan is approved and funded through BMO Canada.*

2 - Financing Canadian entity supported by US assets

Background:

- *Cross-border Transaction via BMO Canada with support of US assets*

Structure:

- Canadian Parent again is borrower with pledge of assets from US sub to support transaction. Transaction is booked and funded through BMO Canada.

Example: *Canadian Parent borrows through BMO Canada with pledge of Canadian and US assets to support a line of credit. Loan is booked and funded through BMO Canada.*

3 - Financing directly US entity, with cross collateral and parent/subsidiary guarantees

Background:

- *Cross-border Transaction via BMO Chicago / BMO Harris*

Structure:

- Canadian Parent provides corporate guarantee to US subsidiary.

Example A: *US Sub borrows directly through BMO Chicago with guarantee from Canadian parent. US assets are pledged to support BMO Chicago loan for the US sub. Loan is approved through Canada and booked in US through BMO Chicago.*

Example B: *US Sub borrows through BMO Harris with guarantee from Canadian parent. US assets are pledged to support BMO Harris loan for the US Sub. Loan is approved and booked in the US through BMO Harris.*

Specifications:

- Account Managed out of Canada
- US AML regulations
- May have tax benefits

4 - Financing US entity on a stand alone basis

Background:

- *Cross-border Transaction via BMO Chicago / BMO Harris*

Structure:

- Canadian Parent does not provide corporate guarantee to US subsidiary or any support in the way of assets pledge.

Example: *US Sub company needs working capital. Canadian Parent does not provide guaranty or pledge of assets. Entity is approved, booked and funded through BMO Harris based solely upon what is going on in US with sub with no reliance on Canadian parent.*

Specifications:

- Account can be managed out of the US
- US AML regulations
- May have tax benefits

Banking Landscape Differences



	United States	Canada
Banking Environment	<ul style="list-style-type: none"> Thousands of FIs - top 5 control 57% of market Highly competitive, fragmented market Heavily regulated by OCC / Fed 	<ul style="list-style-type: none"> 5 major FIs - control over 90% of market Coordinated banking market Regulated by OSFI
Terms and Products	<ul style="list-style-type: none"> Lending on LIBOR or US Prime/Base No ODs; sweep to loan instead Automatic Clearing House (ACH) - NACHA the Electronic Payments Association Earnings Credit Rate (ECR) Multicurrency accounts 	<ul style="list-style-type: none"> Lending on BA or CDN Prime Overdraft lines common Electronic Funds Transfer (EFT) - Payments Canada Interest earnings, service charges No multicurrency accounts
Security	<ul style="list-style-type: none"> Uniform Commercial Code Appraisals must be ordered by the bank via appraisal unit Flood determination required 	<ul style="list-style-type: none"> Personal Property Security Act (and Quebec Civil Code) Appraisals conducted by local appraiser of borrower's choice
AML/KYC	Different information required and processes for AML/KYC - expectations should be set accordingly	

Winning the business - Some examples

1-Manufacturing company from Eastern Canada purchasing plant to manufacture and have US presence in Southern US.

(Winning the deal based on responding to client's needs = Customized comprehensive banking solutions)

2-Construction company from Quebec purchasing assets in North Eastern US which is part of their expansion project to start a company in the US for expansion.

(Winning the deal based on providing Trusted Advice)

3-Canadian Company dealing with one Canadian Bank and 3 US Banks consolidating to One Bank – BMO.

(Winning the deal based on simplicity and speed of execution = Integrated treasury platform)