The Gardens At Callaway
CARE Seminar
“Financial Solutions for your Business”
Richard Fairey, SVP – Market President
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DEPOSIT ALL YOUR MONEY WITH US, AND WE'LL LEND IT TO YOU!
"We ask only one question on our loan application: ‘Are you out of your mind?’"
"If money is the root of all evil, we’re on the way to sainthood!"
"Have you ever tried to tell nine millionaires what time to go to bed?"
About Wachovia

- **Assets** - $507 billion
- **Deposits** - $295 billion
- **Stockholder Equity** - $46 billion
- **Ranking** - Fourth-largest bank holding company in the United States based on assets. Third-largest U.S. full-service brokerage firm based on broker client assets
- **Customers** - 13 million households and businesses; 9.1 million online product and service enrollments, 2.9 million active online customers.
- **Employees** – 94,000
- **Coverage** – Professional service and advice through 3,300 financial centers and nearly 700 retail brokerage offices. These staffs include over 10,300 registered representatives. Convenient access to 5,200 automated teller machines.
- **Products and Services** - Complete banking services, plus brokerage services, asset management, wealth management and innovative products for individual customers. Financial expertise in treasury services, corporate and investment banking and international banking for business customers. Also offer credit and debit card products, trust services, mortgage banking and home equity lending.
- **A national leader in SBA lending since 1979, #3 in SBA volume in 2004**
- **Number 1 in Small Business Lending by dollar volume within our markets for the 3rd year in a row.**
Richard Fairey

- SVP – Market President of Dalton Regional Market
  - Community Banking Segment
    - Customer Focus
    - Local Empowered Leadership
    - Holistic Market Approach
    - Accountability for General Ledger & Profitability
    - Focus on Growth – Internal/External Competition
- Commercial, Retail, Investments
- CRI Relationship
- Industry Knowledge
- Education
Questions to think about:

• Do you have the liquidity to purchase another business or expand (equipment, inventory, labor, real estate, etc.) without impacting your cashflow reserve requirements?

• Do you have the internally generated excess cashflow and/or liquidity to support the initial operating and capital improvement cycles associated with expansion or a merger/acquisition?

• What options do you have for funding future growth or expansion and what is your lowest cost of capital?
  ➢ Equity or Capital (cash, capital injection by owners, etc.)
  ➢ Debt/Financing Alternatives
  ➢ Venture, Vulture, or Angel Capital
CARE Financing Opportunities

• Concept 1: Established Entity - Capacity Expansion
  • Require capital for expansion of an existing, proven company with on-going sales revenue. New loan of $3,000,000 for the purchase of new equipment. A portion of the funds will be used to establish raw material flow for start up and initial operations. Collateral will be the new equipment.

• Concept 2: New Operation - Contract in Hand
  • New enterprise opportunity to enter carpet recycle marketplace. New loan of $2,000,000 for purchase of equipment, raw materials flow and funding initial operations cash flow until new product revenue flow begins. Collateral will be the new equipment.

• Concept 3: New Operation - Build it and they will come
  • New enterprise opportunity to enter carpet recycle marketplace. New loan of $1,500,000 for purchase of equipment, raw materials flow and funding initial operations cash flow until new product revenue flow begins.

• Concept 4: New Operation - Matching Funds
  • New enterprise opportunity to enter carpet recycle marketplace. New loan of $1,000,000 for purchase of equipment, raw materials flow and funding initial operations cash flow until new product revenue flow begins. Collateral will be the new equipment. Matching funds are available from management or private investors. Funds will be part of bringing new recycling capacity on line with a product being introduced for the first time. No prior supply contract in place.
Wachovia Solutions

- Conventional Commercial Lending
- Commercial Leasing
- SBA Financing
- Personal Financing For Owners/Investors
Conventional Commercial Lending

• Industrial/Manufacturing Equipment Financing
  ➢ Loan-to-Value – Up to 75%
  ➢ Terms – Up to 7 years
  ➢ Debt –to- Net Worth – Up to 4:1
  ➢ Down Payment Requirements – Greater than or equal to 20%

• Owner-Occupied Commercial Real Estate Loan
  ➢ Max. Loan Amount - $50Million
  ➢ Loan-to-Value – Up to 80%
  ➢ Terms – Up to 20 years (varying balloon and rate options)
  ➢ Debt –to- Net Worth – Up to 4:1
  ➢ Down Payment Requirements – Greater than or equal to 20%
  ➢ Minimum Owner-Occupied – 60%
Commercial Leasing Program Overview

- **Transaction Size**
  - $5,000 - $2,000,000+*

- **Lease Term**
  - 24 – 84 Months

- **Pricing**
  - 275 – 400 over LTT

- **Equipment**
  - Wide Variety – Call with questions

- **Products Offered**
  - Fair Market Value
  - Fixed Price Purchase Option
  - $1 buyout
  - TRAC Lease
  - 1st Amendment
  - Synthetic Lease

* - Dependent on asset/industry type, bank exposure, etc.
Why Do Companies Lease Equipment?

• Tax Benefits
  ➢ FMV lease payments can be expensed
  ➢ Not-for-profit organizations & companies in AMT position can not utilize depreciation benefits

• Cashflow
  ➢ 100% financing
  ➢ Residual value affords lower payment

• Accounting Benefits
  ➢ Off-balance sheet financing
  ➢ Reduced leverage
  ➢ Improved financial ratios

• Obsolescence
  ➢ Equipment can be returned to lessor at end of term if equipment is obsolete
  ➢ Equipment can be upgraded during term of lease
Wachovia Small Business Capital – Points of Interest

- WSBC handles all portfolio management functions for SBA Express, 7(a) and 504 Programs
- Originations totaled $510mm in 2004
- 70% of WSBC loans are originated out of market
- Wachovia Small Business Capital (WSBC) provides SBA 7(a) and 504 loans on a nationwide basis, with SBA “Preferred Lender Status” (PLP) in most major markets
Wachovia Small Business Capital

Our Products

SBA 7(a) Loans – Our Core Product

- Long-term, fully amortized loans - up to 25 years for real estate
- High leverage loan - up to 90% financing of total project, including closing costs
- Loan amounts: $250,000 - $2mm
- Flexible Use of Proceeds:
  - owner-user commercial real estate purchase, construction, or renovation
  - business acquisition or start-ups
  - machinery & equipment, working capital
  - blended uses
- Government guaranteed up to 75% (or $1.5mm) by SBA
- Pricing can range from Prime + 1% to Prime + 2.75%, depending on use of proceeds

WSBC’s fixed rate options available on most PLP loans with terms greater than 15 years. WSBC is the first major bank to offer this option on this scale.
Wachovia Small Business Capital

Our Products

SBA 504 Loans

Ideal for large commercial real estate purchases or construction projects

- WSBC provides a conventional loan, in senior position
- CDC provides a loan in second position, 100% guaranteed by the SBA
- Combined loans provide up to 90% financing
- WSBC senior position typically at 50% LTV
- Means project sizes can go up to $6mm
- Loan Terms: 25/25; 20/20; 15/15

SBA Express Loans

- Program mirrors the SBA 7(a), but provides a 50% guarantee
- New BCS process utilizing SBA Express team in Winston-Salem
- Used primarily on Class III or IV BCS loans
- Loan amounts from $51,000 to $250,000
Personal Financing For Owners/Investors

• Prime Equity Lines
  ➢ Line of credit secured by equity in a personal residence

• Home Equity Loans
  ➢ Amortizing term loan secured by equity in a personal residence

• Business Equity Line
  ➢ A **Wachovia Business Equity Line** allows you to use your residential real estate to
  ➢ qualify for short- or long-term credit. And you can access your Business Equity Line
  ➢ by check, phone transfer or online.
  ➢ Other advantages of a Wachovia Business Equity Line include:
  ➢ An interest rate of Prime - 0.5% for lines of $100,000 or greater
  ➢ An interest rate of Prime + 0% on lines up to $99,999
  ➢ Line amounts ranging from $50,000 to $250,000
  ➢ Overdraft protection for your business checking account
  ➢ Access to your available credit over a 10-year period
  ➢ No annual fee

• Personal Lines of Credit
What is important to you?

• Limited Cash/Equity  
  ➢ Need financing that limits the amount of initial down-payment.

• Monthly Cashflow  
  ➢ Need financing that provides the longest amortization and/or the lowest monthly debt-service requirements.

• Rate/Fee  
  ➢ Borrower with strong liquidity, historical financials, cashflow, and strong potential/existing bank relationship. Most competitive deal.
Other Financial Solutions

- Deposit Products
- Cash Services
- Credit Products
- Account Reconciliation Services
- Online Services
- Treasury Services
- Fraud Detection Services
- Check Image Services
- Collection Services
- ACH Services
- Wire and FX Draft Services
- International Banking

- Insurance
- Wealth Management Services
- Capital Management Services
- Capital Markets
  - IPOs
  - M&A
Contact Us for a Free and Confidential Consultation

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