

Joint Webinar with *GTR* Magazine

Capitalize on the Opportunities in the
Corporate Supply Chain



Supply Chain Editor,
GTR Magazine



Global Head
Trade Services and
Financial Institutions,
Citi



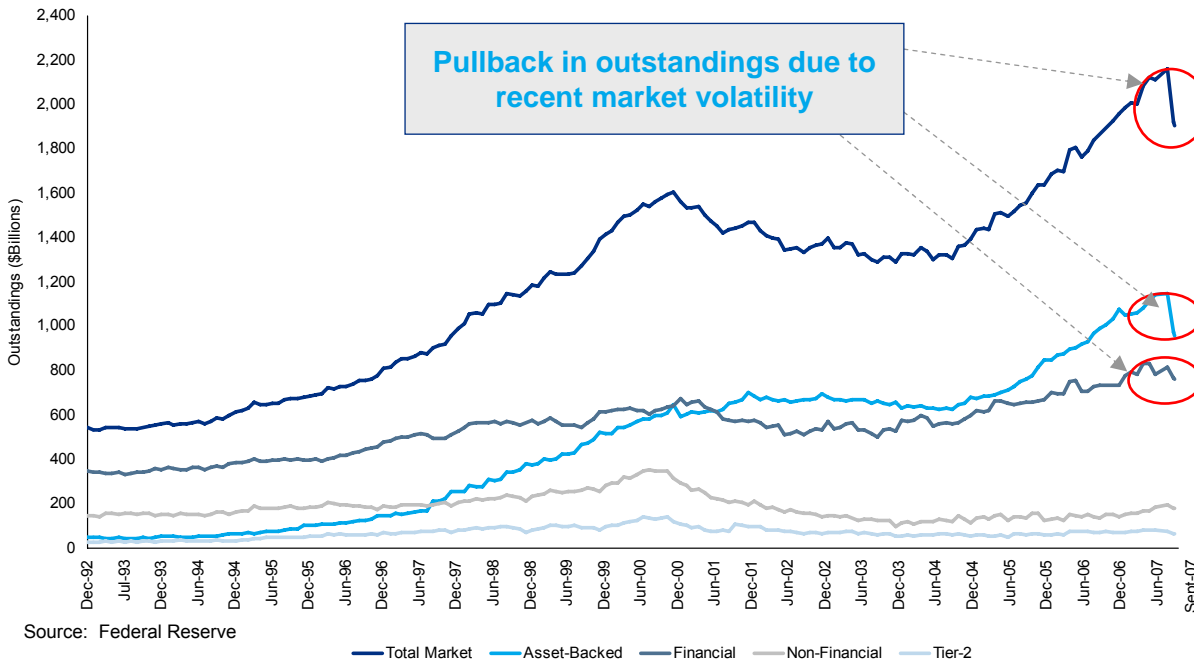
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Contraction in U.S. Commercial Paper Issuance

In the six week period between July 31 and September 12th, volume in the USCP market contracted by approximately \$250 billion.

Historical USCP Outstandings

(\$ in billions)



CP Market Outstandings (\$BN)

Sector	Outstandings (as of 9/12/07)
Overall Market	1,907
ABCP (Secured)	946
Financial	781
Non-Financial	180
Total Unsecured	961
Tier-2 (included in ABCP and unsecured)	62

Changes in the CP Market since 7/31/07

Period	Percent Decline
Overall Market	-11.72%
ABCP (Secured)	-17.83%
Financial	-4.16%
Non-Financial	-7.69%
Total Unsecured	-6.80%
Tier-2	-18.83%

- ABCP outstandings have dropped by \$205 billion as investors scrutinized the entire structured products market as well as the underlying collateral pools backing the ABCP market
- Investors are unsure of the real value of these assets and the distribution of risk within these structured investments

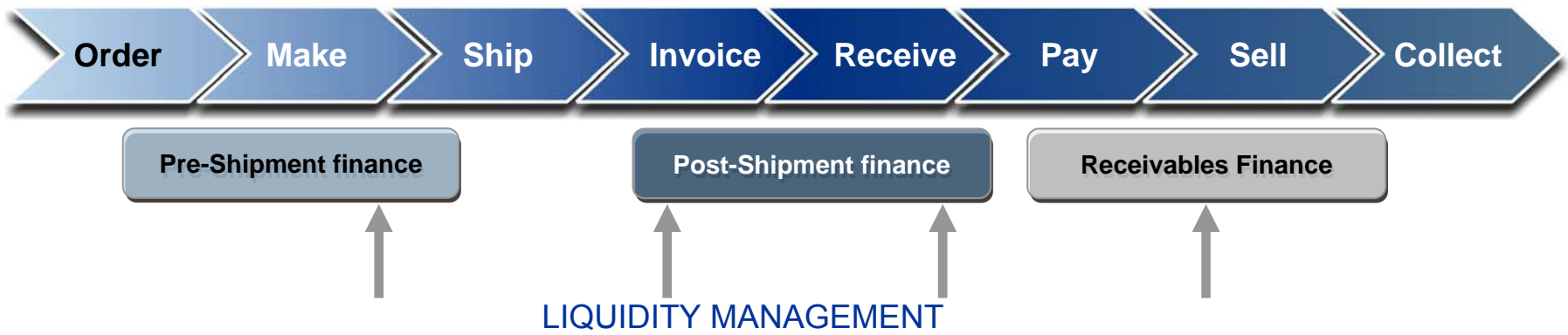
Financing the Global Supply Chain

- Historically, companies have managed the physical supply chain without much emphasis on the financial aspect
- That is changing: The clear focus today for mid-size to large companies is the financial supply chain
- Financing the supply chain can be viewed in dimensions:
 - Horizontal: Processing the end-to-end cycle of order to payment
 - Vertical: Ensuring that between order and payment, cost is contained and liquidity is infused

Processing Efficiency



Inventory Finance



End result: Multiple opportunities for banks to provide financing

Bank's Role to Support the Supply Chain

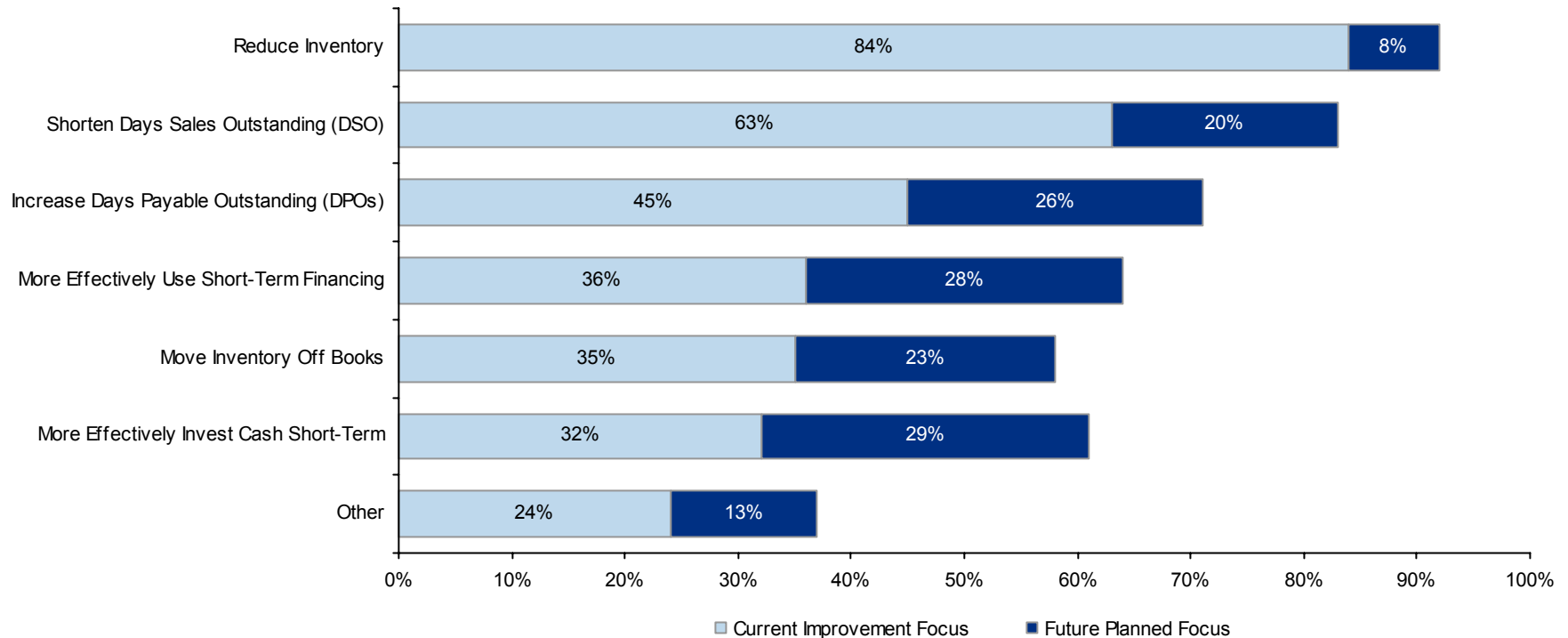
“Physical” And “Financial” Supply Chains Are Coming Together.

- Trade products assist clients in optimizing cash conversion cycle through minimizing DSO and DIO and increasing DPO
- Banks can understand their client's supply chain in terms of geography, inventory and agreement terms, considering both suppliers and customers
- Open account banking platforms:
 - facilitates processing and relieves the administrative burden for clients making the transition
 - Importers can outsource the accounts payable function back to the bank allowing for international sourcing that looks and feels like a domestic transaction (including seamless integration with a client's ERP system)
- Financial Structures
 - Supplier financing
 - Inventory financing
 - Receivables financing on the invoices
 - Payables financing on buyer approved purchase orders
 - Factoring of invoices

Working Capital Optimization: Current Focus

- Aberdeen Group report surveyed 400 supply chain and finance professionals for benchmarking study on Working Capital Optimization
- The vast majority of companies today are concentrating on reducing inventory and shortening DSOs
- Innovators are also focusing on many other areas to drive working capital improvements

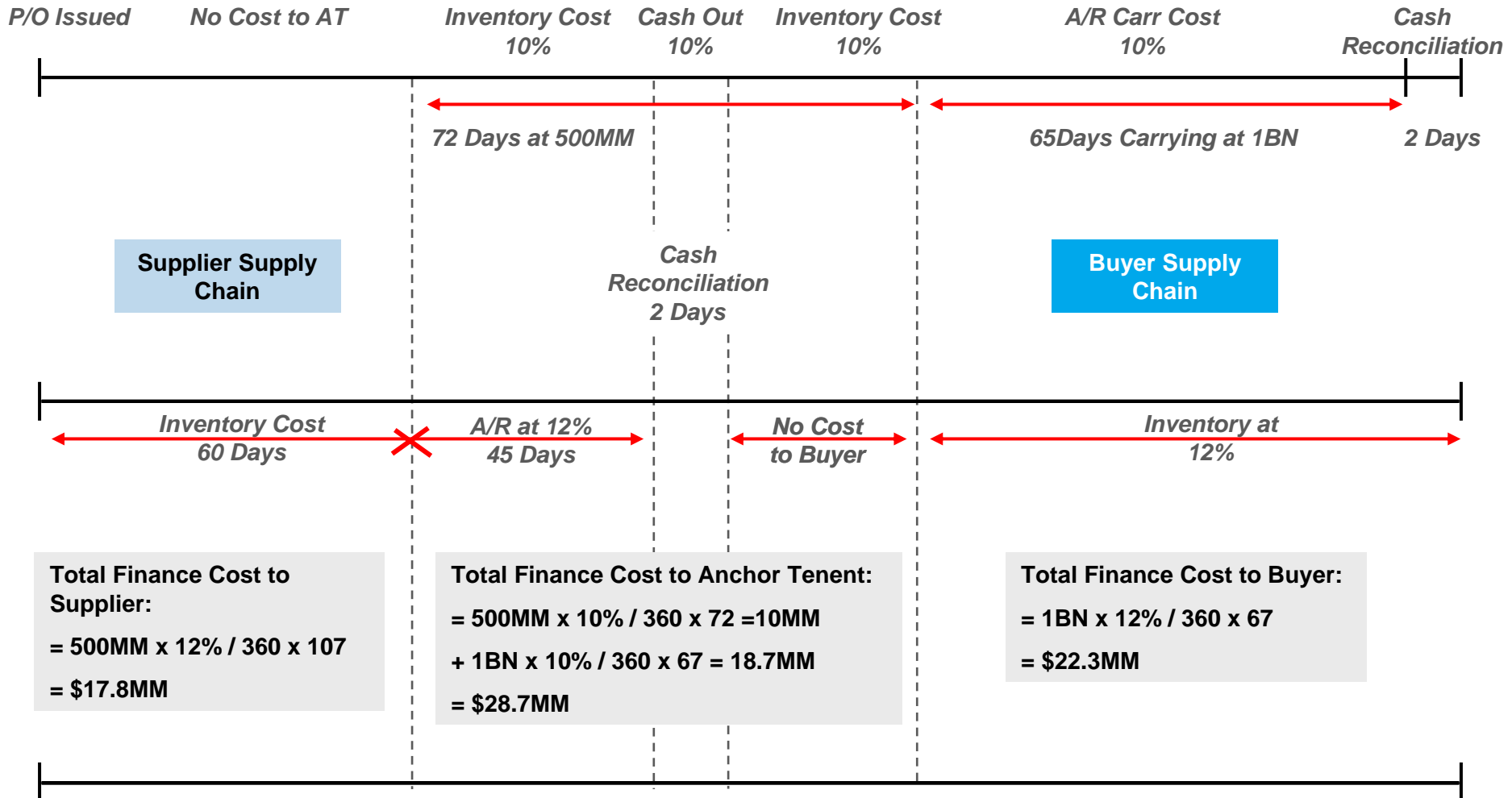
Trading Across Borders



Source: Aberdeen Group, June 2007

Financial Cost in the Supply Chain

Anchor Tenant Supply Chain



Cross Border Transactions

- BSA Guidelines: Main Driver
- Technology has become commoditized
 - Less than 1% of buyers access the banks technology platforms
 - Less than 10% of suppliers access the banks platforms
- Intellectual property is needed to drive cross border transactions
- In many instances local banking licenses are required
- Today's trade environment involves much greater financial complexity, and is even more crucial to the well-being of our clients

Value Proposition for Banks

Intra-Country

Pros

- ▲ Ease of entry
- ▲ Minimal technology demands
- ▲ KYC/AML easy to comply with

Cons

- ▼ Multiple competitors
- ▼ Price compression
- ▼ Little or no barriers to entry
- ▼ Could result in significant cannibalization of current revenue streams

Cross Border

Pros

- ▲ Wider margins on tech. client basis
- ▲ Once built, competitors can not easily duplicate

Cons

- ▼ More complex to launch
- ▼ Must partner to extract full value
- ▼ KYC/AML requires local partner/provider

Questions

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