

Citicorp International Trading Company (CITC) Supplier Credit

Extended credit terms and supplier payment flexibility

If you are importing goods, Citicorp International Trading Company (CITC), which is a wholly owned subsidiary of Citicorp, can offer you expanded credit terms and custom-tailored structures for payments to your suppliers. CITC provides extended terms on a supplier credit basis, as opposed to a bank loan.

Engaging CITC is quite simple. You designate CITC as an intermediary, acting on your behalf, in the trade flow between you and your suppliers. We ask you to obtain your suppliers concurrence to CITC's participation in the transaction flow, but you continue to arrange the specifics of each purchase directly with your suppliers. These terms are then confirmed by a purchase order issued by you through CITC to the supplier.

The goods are shipped directly to you, but the supplier invoices CITC. CITC will pay the supplier in accordance with the terms agreed upon between the two of you. CITC then invoices you with deferred payment terms.

The CITC Supplier Credit expands your trade finance flexibility and can improve your company's financial performance. You can use the CITC Supplier Credit effectively for both intracompany and third party trade transactions. In addition to U.S. dollars, arrangements can be made for transactions which are denominated in other major currencies.

Significantly improved financial performance

By using the CITC Supplier Credit, financing appears on your balance sheet as trade payables rather than as outstanding short-term bank debt. This has an immediate positive impact on your balance sheet structure.

You may also be able to realise other additional benefits:

- Minimise fiscal assessments which may be payable on bank borrowings.
- Obtain a lower product price because of CITC's sight payment to your supplier.
- Lower your financing costs due to CITC's cost of funds, which is probably lower than cost of funds available to your suppliers.
- Avoid cost of capital or other charges that may be assessed on intra-company extensions of credit.
- Take advantage of the interest rate differential between borrowing in local currency and CITC's supplier credit that is based on foreign currency interest rates, such as LIBOR.

Unique, custom-tailored solutions

CITC's products are not off-the-shelf offerings, but, rather, are custom tailored solutions designed to meet your specific transaction needs and financial requirements. When you move up to CITC, you will see the difference immediately.

Typical CITC flow diagram

