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EXPLORE USA CONFERENCE

Going Global – Business without Borders

Enabling International Growth

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The Pursuit of Growth Treasury Challenges

Emerging market companies are increasingly expanding their businesses beyond home borders into international markets. These companies face numerous challenges and risks in the pursuit of global growth.

Growth Strategies



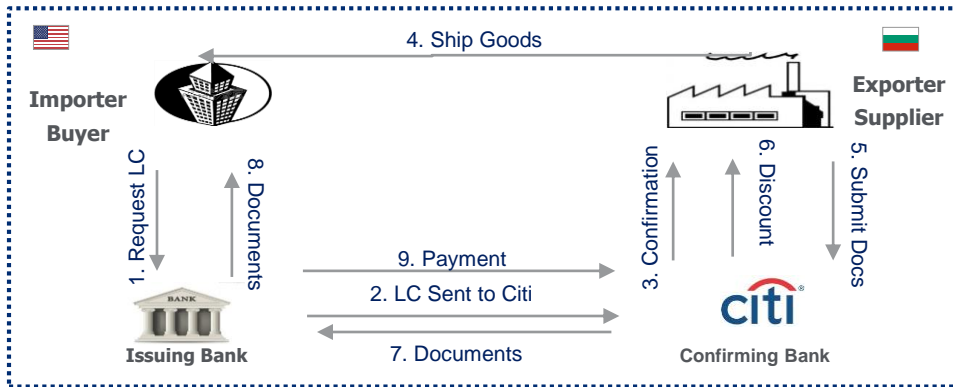
Key Treasury Challenges

- Fragmented banking structures across multiple banks and countries
- Managing multiple different currencies
- High FX costs
- Cash forecasting challenges
- Difficulty funding local businesses
- Inefficient repatriation of cash
- Negative rate currencies and trapped cash markets
- Post M&A integration challenges

Typical export models

Model A – Sporadic or first time exports

Specific demand from US based client unknown to the Exporter



Typical Examples of Clients

Bulgarian machine building company exporting customized product to US

Pain Points

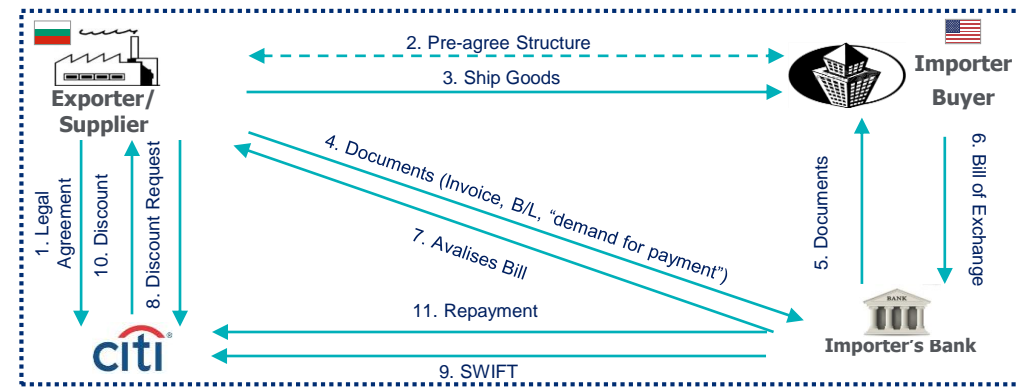
- New Buyer(s) and payment delays -> The risk is passed to Issuing / Confirming bank
- FX constraints and new market / currency -> sovereign risk is eliminated once LC is confirmed
- Extended payment terms & cash flow impact -> Exporter can have the confirmed LC discounted

How the Pain Points are addressed

- On adding confirmation, Citi **assumes both the credit and country risk** in the transaction. This **protects the seller** from issues such as buyer default and FX constraints in the country of import.
- On presentation of documents, the beneficiary can request early payment from Citi thus **improving cash flow** and **negating any payment delays**.
- Citi offers **competitive discount rates** for beneficiary to receive early payment under the Letter of Credit.

Model B – Recurring exports

Standardized product / recurring sales / limited knowledge on the Buyer(s)



Typical Examples of Clients

Bulgarian machine building company exporting serial product to US (e.g. electrical bike)

Pain Points

- New Buyer(s) and payment delays -> This is a non-recourse solution for the exporter and mitigates non-payment of the buyer
- FX constraints and new market / currency -> sovereign risk is eliminated once draft/bill is avalsised and discounted by Citi
- Extended payment terms & cash flow impact -> Exporter can have the draft/bill avalsised by Bank and discounted by Citi before maturity
- Sales growth -> Allows importers to increase their DPO by extending payment terms on their payables

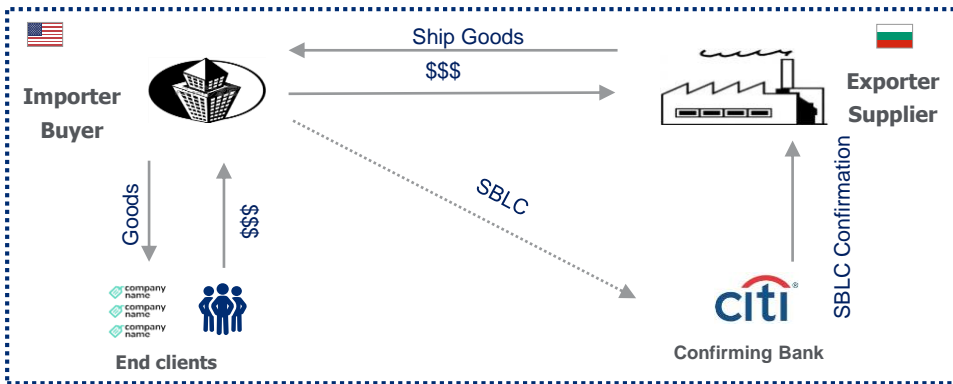
How the Pain Points are addressed

- By discounting the avalsised Bill of Exchange, Citi **assumes both the credit and country risk** in the transaction. This **protects the seller** from issues such as buyer default and FX constraints in the country of import.
- The beneficiary can request early payment from Citi thus **improving cash flow** and **negating any payment delays**. This enables exporters to **reduce their DSO** while using the avalsising bank's credit lines with Citi
- Citi offers **competitive discount rates** for beneficiary to receive early payment under the avalsised draft/bill of exchange
- The solution helps **generate incremental sales** by allowing more favorable payment terms with buyers by increasing their Days Payable Outstanding.

Typical export models

Model C – Select a local distributor

Regular exports / recurring sales via local 3rd party company/distributor



Typical Examples of Clients

Any Bulgaria company with regular export to US

Pain Points

- Payment risk on the Distributor/Importer -> request SBLC issuance in favor of Exporter to cover XX months of regular exports
- Country risk -> sovereign risk is eliminated once SBLC is confirmed by Citi
- Extended payment terms & cash flow impact -> to be discussed

How the Pain Points are addressed

- On adding confirmation, Citi **assumes both the credit and country risk** in the transaction. This **protects the seller** from issues such as buyer default in case of a claim and FX constraints in the country of import.

Model D – Set up a local company

Regular exports / recurring sales



Typical Examples of Clients

Any Bulgarian company with regular export to US

Pain Points (non-exhaustive)

- How to set-up a new company and open bank accounts
- FX risk when selling in local currency
- How to mitigate counter-party risk if selling at deferred payment terms

How to address the Pain Points are addressed

- Discuss with your Legal, Accounting, Banking and Insurance providers in the country of origin
- Reach to Bulgarian commercial attaché in a particular country

Types of financial institution in US

The following types of financial institutions are permitted to operate in the United States:

Investment Banks and Brokerage Firms
Issuing and trading securities



Credit Unions
Not-for-profit federal or state chartered financial corporations



Mutual Fund Companies
Regulated investment companies that provide mutual funds



Commercial Banks
Federal or state chartered accepting deposits, providing credit, investments, payments, collections, foreign exchange and trade services

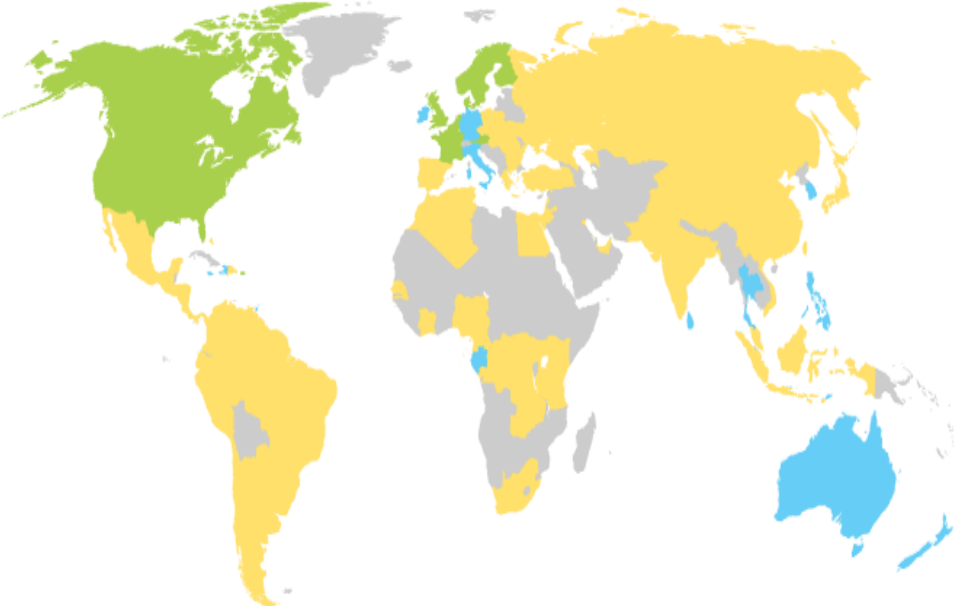


Thrift Solutions
Financial institutions that specialize in accepting savings deposits and making mortgage and other loans



Industrial Banks, Captive Finance, Factors and Insurance Companies

Account opening process in US



LOW IMPACT

Countries in this category have local regulations with relatively standard documentation requirements. Typical account opening efforts are low, involving gathering necessary signatures, and supplying documents that are often readily available from a client's perspective.

MEDIUM IMPACT

These countries may require additional documentation to those categorized as low for account openings and maintenance. Expected effort in this category will include allowing for more time to complete forms with greater details including signer information and where needed, coordinating notarizations.

HIGH IMPACT

The countries in this category have extensive requirements for account openings and maintenance governed by strict Central Bank and local regulatory agencies that prescribe acceptance of only specific forms of mandates and certification of constitutive, authority and identification documents. Account openings in this category require additional effort when compared to others. This adds to the lead time when opening accounts in these countries.

Operating Accounts	Non-Residents	Residents
Onshore local currency	●	●
Onshore foreign currency	●	●
Offshore local currency	●	●
Offshore foreign currency	–	●

Overdrafts	Non-Residents	Residents
Onshore local currency	●	●
Onshore foreign currency	●	●

Interest-Bearing Accounts	Non-Residents	Residents
Onshore local currency operating accounts	●	●
Onshore foreign currency deposit accounts	●	●

Time Deposits	Non-Residents	Residents
Onshore local currency	●	●
Onshore foreign currency	●	●

Domestic Notional Pooling	Non-Residents	Residents
Onshore local currency	●	●
Onshore foreign currency	●	●

Inter-Company Lending	Non-Resident to Resident	Resident to Non-Resident
	Local currency	●
Foreign currency	●	●
	to Non-Residents	to Residents
	Local currency	●
Foreign currency	●	●

● Allowed – No Material Restrictions ● Allowed – Yet Restricted or Limited ● Not Allowed

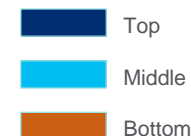
Financial Institution Key Metrics Summary

Citi ranks best in class in terms of balance sheet liquidity and is also highly capitalized. Furthermore, Citi remains one of the strongest banks with a diversified and global platform.

	US		WF	UK		France		Switzerland	GER	JP	CAD	Metrics	Rank
	BAC	GS		JPM	HSBC	BNP	Soc Gen	UBS	DB	Nomura	RBC		
Capital Adequacy													
Tier 1 Capital (%)	13.2%	15.0%	13.7%	13.5%	17.0%	13.1%	13.7%	17.5%	15.7%	17.6%	12.8%	13.5%	Middle
Tier 1 Common (%)	11.6%	13.1%	12.0%	11.7%	14.0%	11.8%	11.2%	12.9%	13.6%	16.5%	11.5%	11.9%	Middle
Balance Sheet Liquidity													
Cash & AFS as % of Assets	17.6%	14.0%	9.6%	15.5%	22.5%	9.1%	7.4%	11.3%	14.0%	5.8%	5.9%	16.6%	Top
Deposits/Loans	144%	210%	149%	133%	139%	99%	92%	123%	130%	28%	144%	141%	Middle
Earnings (4Q18)													
Net Income (\$Bn)	7.3	2.5	7.1	6.1	1.8	1.6	0.7	0.3	-0.5	0.2	2.5	4.3	Middle
Market View (as of 03/25/19)													
5-year CDS—bps	54	88	53	54	75	47	51	72	169	72	56	65	Middle
Price/Tangible Book Ratio													
Price/Tangible Book	1.4	0.8	1.8	1.5	1.2	0.6	0.4	1.0	0.3	0.8	2.4	0.8	Middle
Operating Company Ratings													
S&P	A+/A-1	A+/A-1	A+/A-1	A+/A-1	AA-/A-1+	A/A-1	A/A-1	A+/A-1	BBB+/A-2	A/A-1	A/A-1+	A+/A-1	Top
Fitch	AA-/F1+	A+/F1	AA/F1+	AA-/F1+	AA-/F1+	A+/F1	A+/F1	AA-/F1+	BBB+/F2	A-/F1	AA/F1+	A+/F1	Middle
Moody's	Aa2/P-1	A1/P-1	Aa2/P-1	Aa2/P-1	Aa3/P-1	Aa3/P-1	A1/P-1	Aa3/P-1	A3/P-2	A3/P-2	A2/P-1	Aa3/P-1	Top



- ✓ Top Tier in Liquidity
- ✓ Robust Capital Adequacy
- ✓ Diversified and Global Operating Model



Citi's Value Proposition: The Power of Our Network – Transaction Banking

Serving over

80%

of the world's top banks and Fortune Global 500 companies



Serving

400+ central government entities
700+ public sector entities



Processing

\$ 4 trillion

of client payments everyday in **140** currencies



Notional pooling in

60+ countries and jurisdictions
28 currencies
12 locations



Supporting

9,000+

global liquidity structures
Cash Concentration in **86** countries and jurisdictions



800+ clients

1+ million monthly sweep transactions

2,400 buyers

70,000 suppliers

on our supply chain finance programs



Citi is present in

98

countries and jurisdictions



Transacting in over

140

currencies



Doing business in

160

countries and jurisdictions



250



memberships to cash clearing systems

Relationships with

65+

Official Export Credit Agencies



Payer ID Receivables Solution in **44** countries and jurisdictions



CitiConnect® API Payments and Account Balances in **96** countries and jurisdictions

CitiDirect BE® Mobile



93 countries and jurisdictions
140 currencies
18 languages
34,200 users
27,000 users of MobilePASS authentication

98%



Straight Through Payment Processing

6+ million

Commercial Cards in **100+** countries and jurisdictions and **64** currencies



Supporting **1,200+** Shared Service Centers

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