

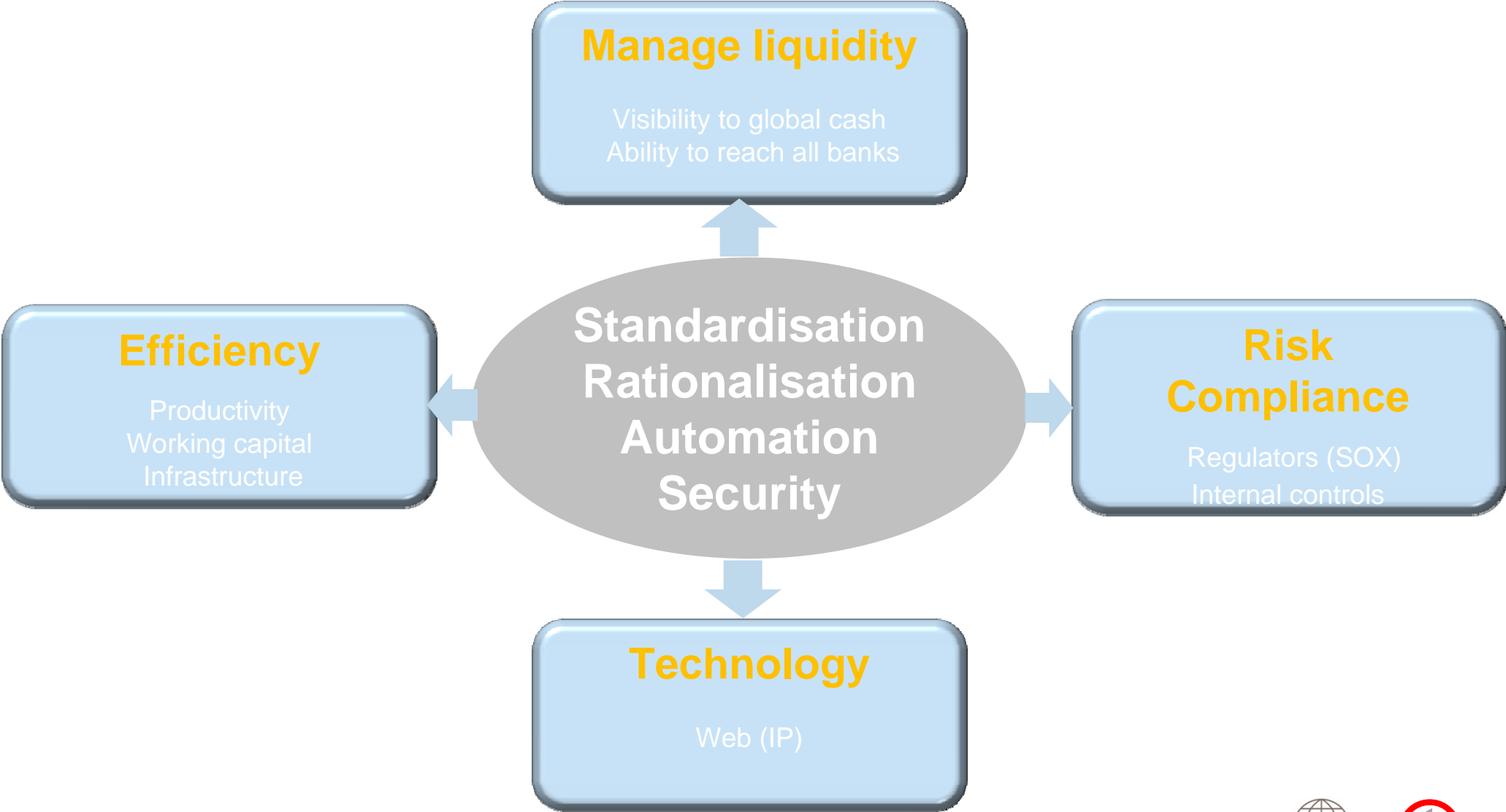
SWIFT for Corporates - modern trends made easy

Dmitry Simakov - Citi, Product Manager, Citi SWIFT Xchange
Elie Lasker - SWIFT, Head of Corporate Market

Table of Contents

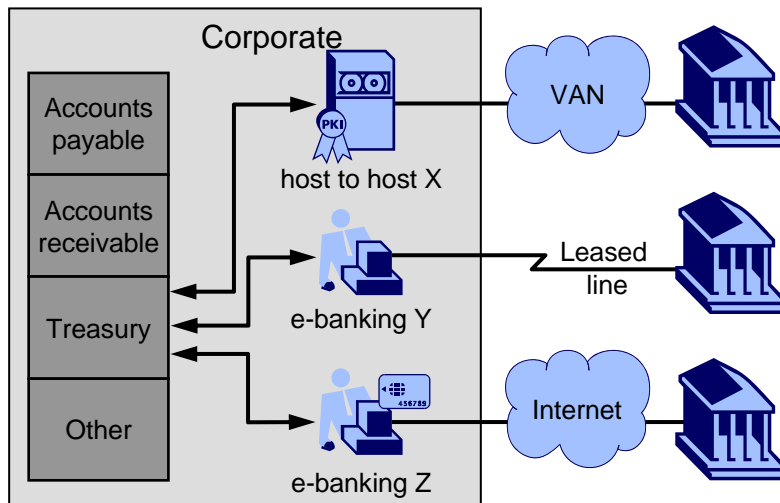
1. Why SWIFT?
2. Corporates on SWIFT – who are they?
3. Evolution of service demands
4. File formats trends
5. Connectivity options and best practices
6. Setting right expectations
7. Building on SWIFT

Why SWIFT? Corporate Treasury drivers.



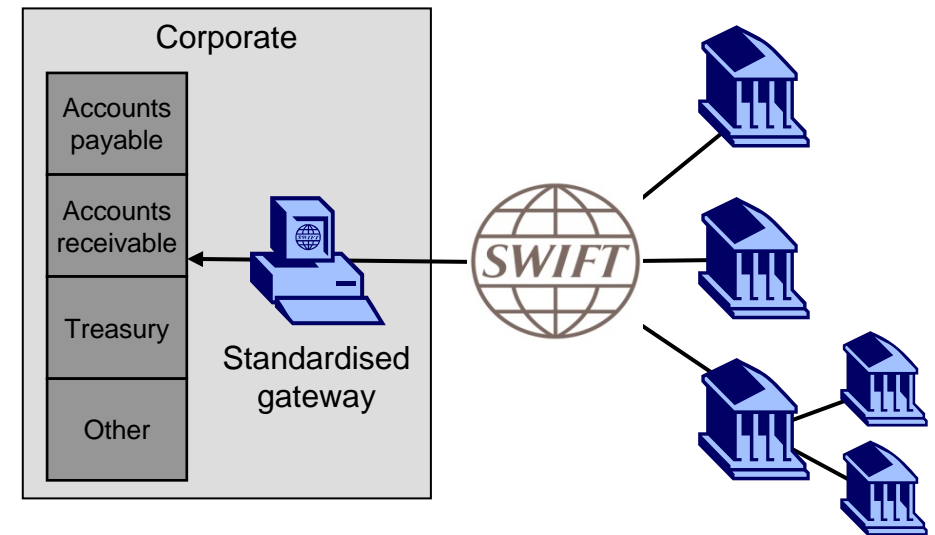
Why SWIFT? An enabler for centralisation.

Multiple bank channels



- High cost
- No global visibility
- Impossible to centralise
- Difficult to control

Single, standardised gateway



- Global visibility
- Lower cost
- Increased control and security
- Reduced risk

Poll - Question 1

How many countries do you operate in?

- 1 country
- 2-5 countries
- 6-15 countries
- 16-30 countries
- 31-50 countries
- 51+ countries

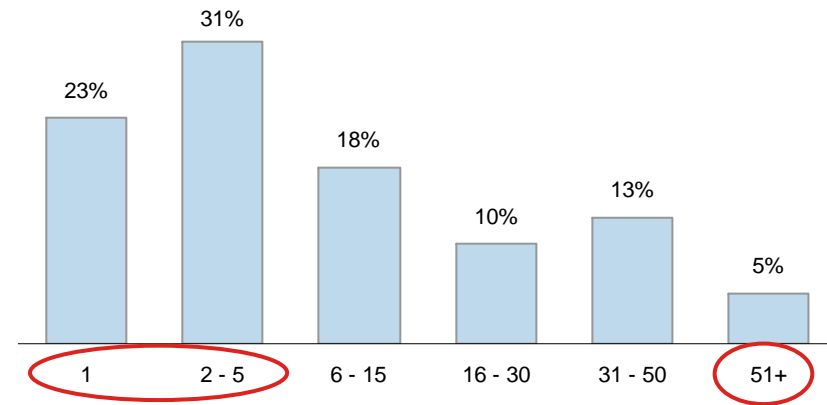
Corporates on SWIFT – who are they?

Analysis of 100+ Corporate, Non-Bank FI and Public Sector client base connected to Citi via SWIFT

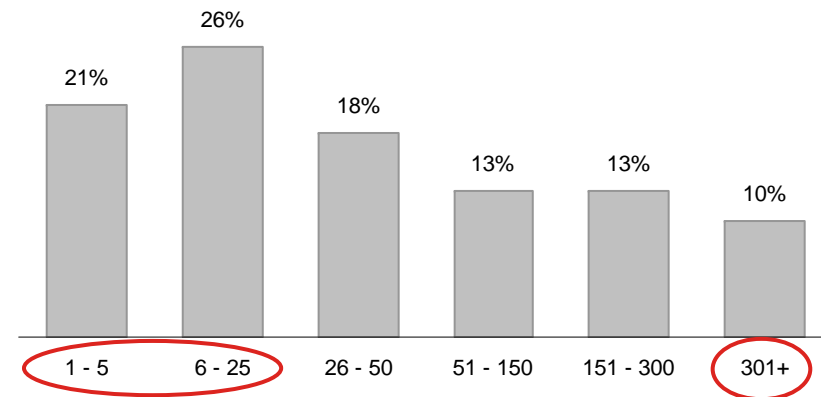
The size and complexity of geographical footprint

- SWIFT is no longer only for “big multinationals”:
 - Almost a quarter of Citi’s clients use SWIFTNet to operate accounts in a single country
 - Over 20% clients operate with up to 5 accounts
- Fairly even representation in various scale categories
- Even the highest complexity group with a footprint spread over 50 countries and more than 300 accounts is also well represented

Number of countries covered



Number of accounts connected

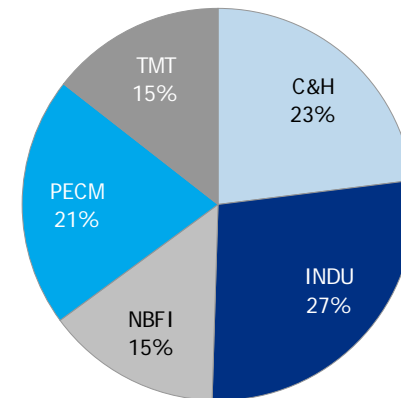


Corporates on SWIFT – who are they? (continued)

Analysis of 100+ Corporate, Non-Bank FI and Public Sector client base connected to Citi via SWIFT

Industry sectors

- Very even representation of all industry sectors:
 - Consumer & Healthcare (C&H)
 - Industrials (INDU)
 - Non-Bank FI and Public Sector (NBF1)
 - Power, Energy, Chemicals, Metals & Mining (PECM)
 - Technology, Media & Telecoms (TMT)



Joining SWIFT became easier

- SCORE or MACUG? No longer a question.
 - SCORE eligibility criteria simplified by SWIFT, further improvements to come
 - Greater standardisation potential
 - Over 90% of Citi clients join SWIFT through SCORE
- Introduction of SWIFT Alliance Lite
 - Simple entry-level solution

Poll - Question 2

Have you implemented / consider implementation of SWIFTNet for:

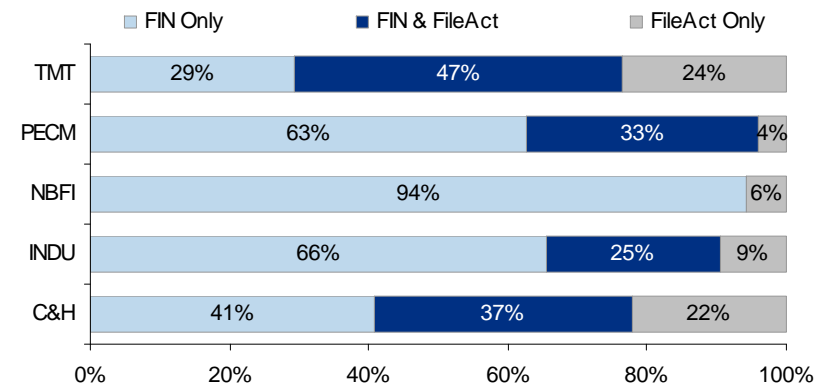
- Treasury activities only
- Payment/Collection Factory activities only
- Both
- Do not consider implementing SWIFTNet at present

Evolution of service demands

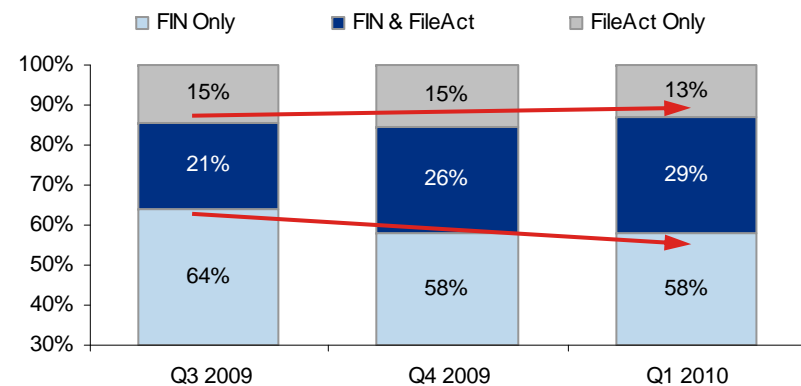
Business drives for efficiency, visibility and control require complex solutions to facilitate both treasury centralisation and move to Shared Service Centres

- *FIN* – SWIFT’s core messaging service
 - The oldest and most popular service on SWIFT
 - Traditionally focused on **Treasury** activities
 - Enables standardisation through use of defined formats, network validations
- *FileAct* – Secure, reliable and cost-effective transfer of files
 - Better suits for **Payment/Collection Factories** needs
 - Flexibility of formats – any agreed format and data content can be transferred
 - Faster adoption among Corporates than Banks
- Growing use of combined services
 - Corporates take full advantage of the SWIFTNet channel, moving both treasury and commercial flows to bank-agnostic network
 - Increasing popularity of ISO20022 XML contributes to faster decline of “FIN-only” MT-based solutions

Use of main SWIFT Services by industries (Q1 2010)



Growing share of complex solutions



Evolution of service demands (continued)

Typical staged approach of growing portfolio of services to meet the business needs

Stage 1 – Treasury centralisation

- Joining SWIFT
 - FIN services are often chosen as the first step
- Most popular combination of FIN messages:
 - MT101 for treasury payments
 - MT199 for rejects / validation status
 - MT940 for EOD statements
 - MT942 for Intraday updates / processing confirmations
 - MT300/320 for confirmations of treasury deals
- Proof of concept – migration to SWIFTNet often starts with 1 country before extension to wider geographical coverage

Stage 2 – Payment Factories & SSC

- Addition of FileAct service
 - Move of batch Payments and Direct Debit flows to SWIFTNet
- Often limited to only a channel migration at this stage - does not involve change of adopted file formats
- FileAct “Real Time” communication mode is often preferred to “Store and Forward” mode

Stage 3 – further standardisation and move strategic formats

- Harmonisation of SWIFT-enabled Treasury and Shared Service Centres business processes
- Adoption of ISO20022 XML standard
- For some clients the move to ISO XML coincides or starts earlier than SWIFTNet FileAct adoption, with bank proprietary connectivity channels

Poll - Question 3

Are you considering moving to the ISO20022 XML standard?

- Yes, already started
- Yes, considering implementing in future
- No, current standards work fine

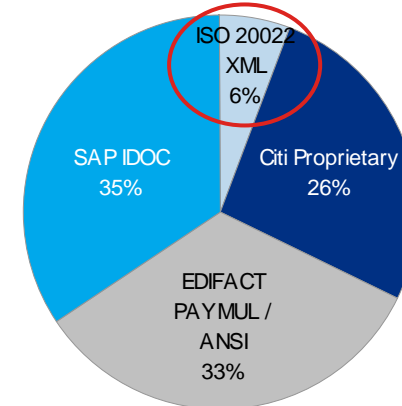
File formats trends

The statistics of format families popularity among users of Citi File Xchange – integrated host-to-host file solutions

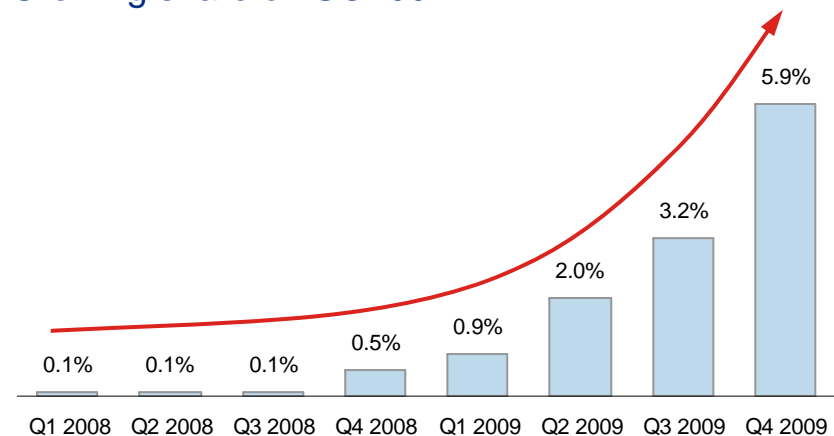
Citi File Xchange

- Dec 2009 - ISO20022 XML represents 6% of payments sent through CFX
- Very rapid growth of ISO XML popularity
 - Year on year volumes growth – over 20 times
 - Year on year growth of format comparative share among all format families – 14 times
- All other format families shares decline
 - Initial decline is most noticeable with SAP IDOC format, pointing to faster adoption of ISO XML among SAP users

Payments volumes by format

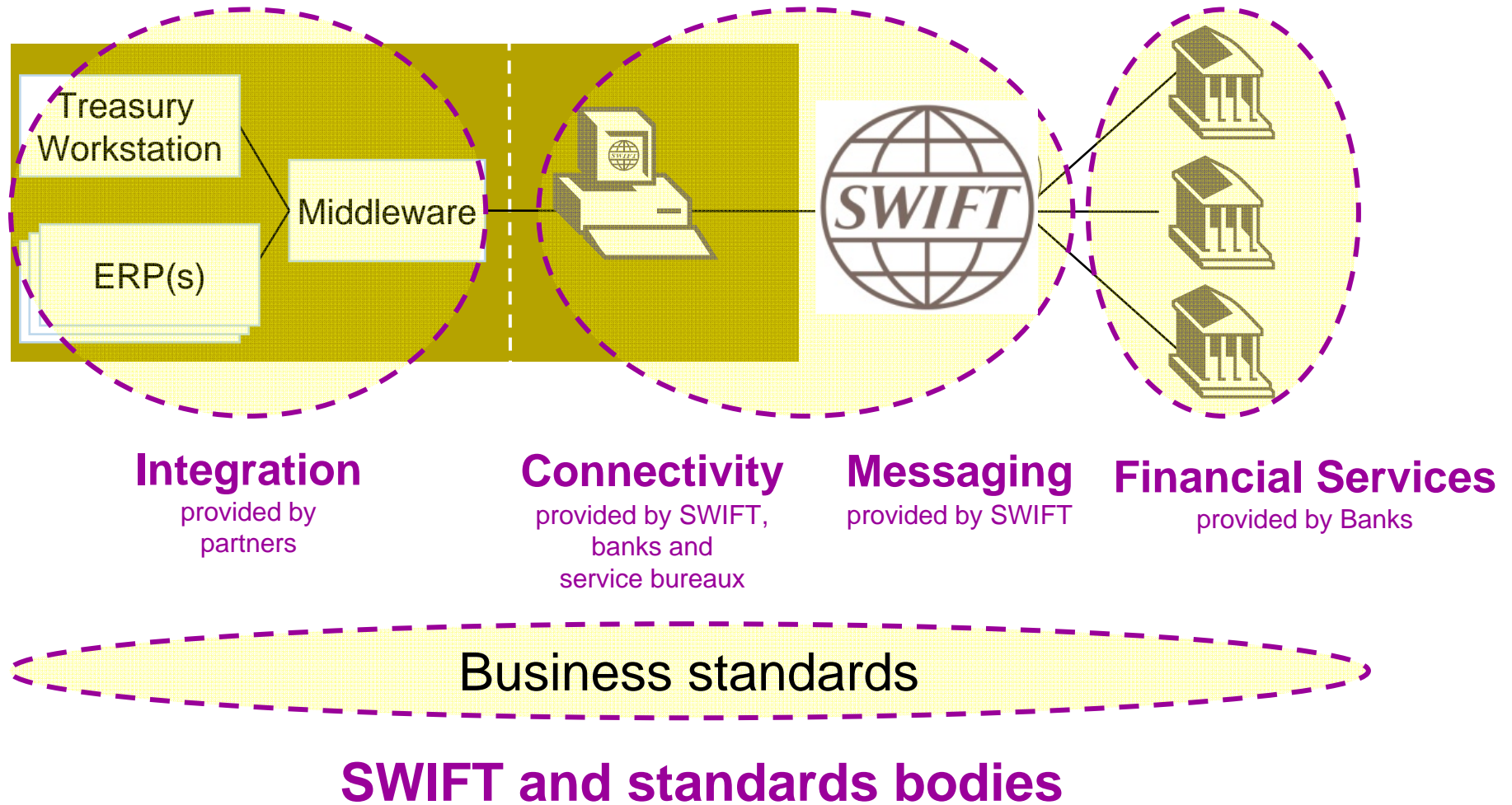


Growing share of ISO20022 XML



Implementation – an end-to-end approach

The SWIFT ecosystem for corporates

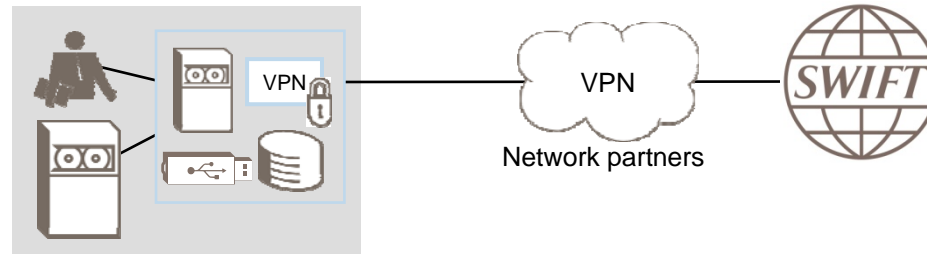


Connectivity options

Connectivity options, adapted to client needs

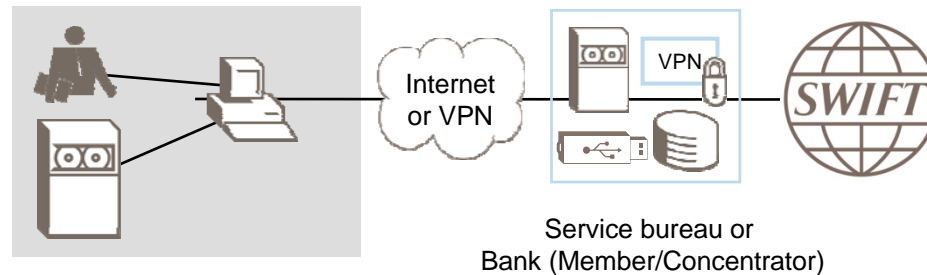
Direct connection

Large volume of payments/year
Manage your own SWIFT connection



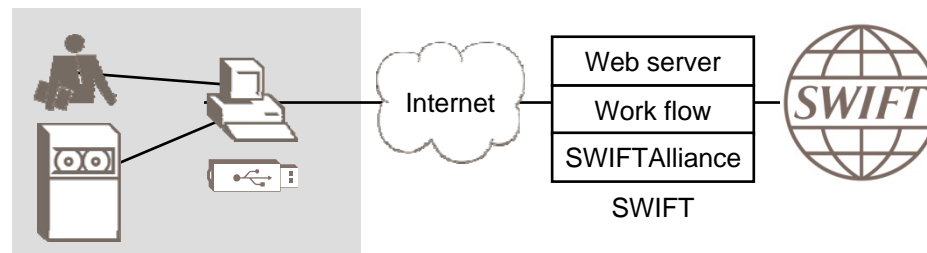
Indirect connection

Large volume of payments/year
Outsource SWIFT connection



Alliance Lite

+/- 200 transactions/day
Simple solution/ Entry level



Poll - Question 4

If already chosen, what connectivity option do you use / intend to use?

- Direct Connection
- Indirect Connection
- Alliance Lite
- Have not chosen yet

Poll - Question 5

What is the #1 benefit you expect to get from adopting SWIFT?

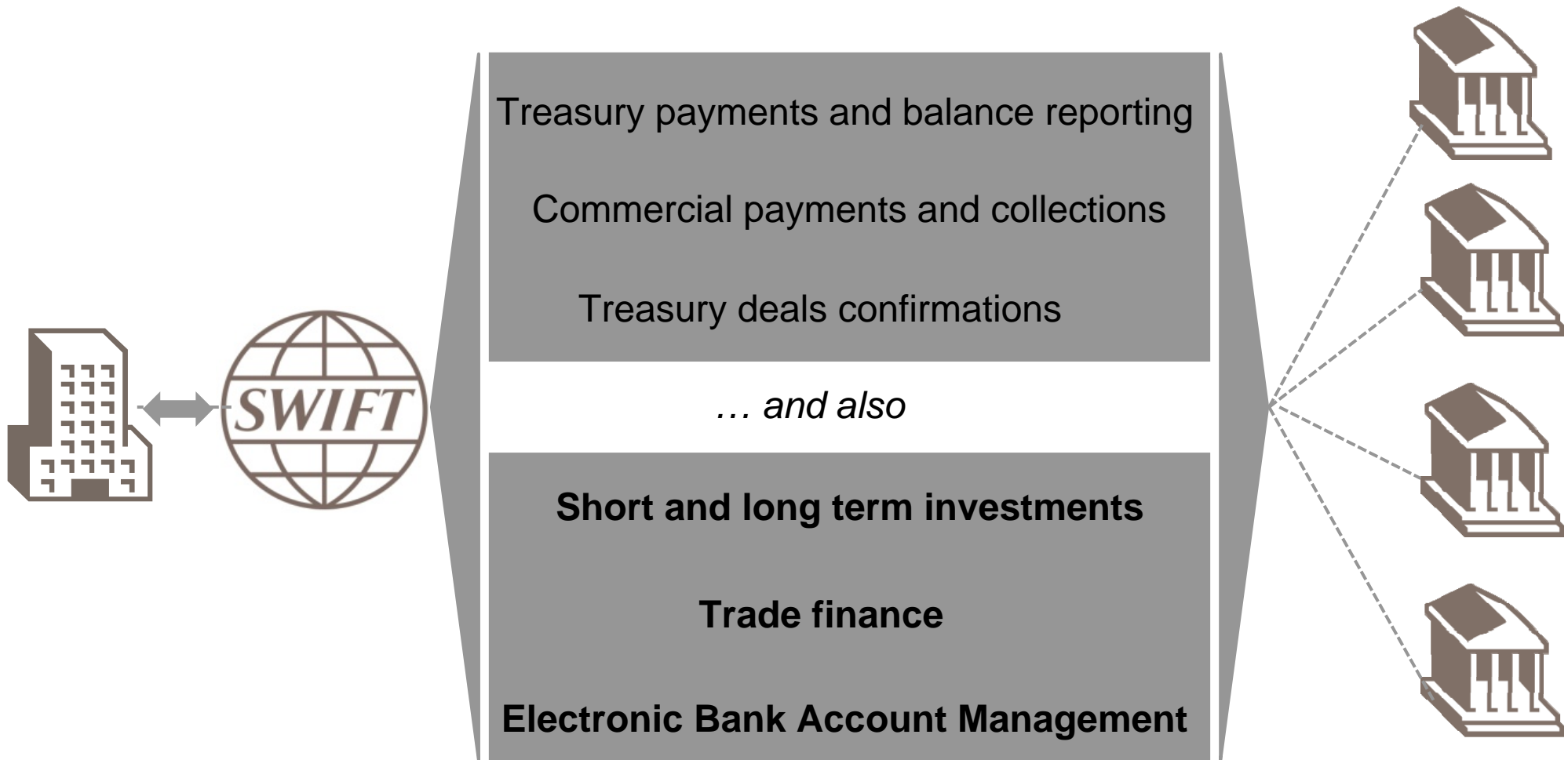
- Standardisation of connectivity channels to banks
- Standardisation of message/file formats
- Enterprise-wide visibility
- Cost saves / operating efficiencies

Setting the right expectations

Facts to remember to ensure best experience in moving to SWIFT

- The channel is standard. The formats are standard. The local markets are not.
 - The message data content requirements are driven by local market requirements such as:
 - Local clearing rules
 - Legislation driving local regulatory reporting requirements
 - Language and other established local market practices
- Integrated solutions require testing
 - Take advantage of SWIFT's Test & Training environment and Citi's dedicated Client Test Environment to confirm connectivity setup and validate the design of selected file/message format
- Make sure you have a good understanding of the full picture
 - A SWIFT implementation is typically part of a project of a wider scope (e.g. treasury centralisation, set up of a shared service center); Therefore, make sure you budget, plan and execute with an end-to-end approach.
- Citi and SWIFT have developed ROI calculator tools to assist in the evaluation process, and are happy to provide support to clients in this critical area

Building on SWIFT: a consolidated approach towards integration of financial flows



In Summary...

- SWIFT relevance and actual adoption is not limited to corporates of any particular industry, size or global reach -> it is relevant to all
- Corporate usage of SWIFT typically encompasses both Treasury and Finance Shared Services processing, leveraging the advantages of both the FIN and FileAct networks
- Standardisation of file format to e.g. ISO20022 XML is strongly correlated with adoption of SWIFT connectivity, and is a strong enabler of benefits from bank neutrality and enhanced automation/STP – this is a trend we expect to see continuing and accentuating into the future
- While the investment case for adoption of SWIFT is often compelling, it is important to recognise that diversity of local market requirements will remain a limitation to “100%” standardisation
- A SWIFT implementation is not a goal in itself – it is a key enabler for a larger centralisation project : that is where the ROI is.

IRS Circular 230 Disclosure: Citigroup Inc. and its affiliates do not provide tax or legal advice. Any discussion of tax matters in these materials (i) is not intended or written to be used, and cannot be used or relied upon, by you for the purpose of avoiding any tax penalties and (ii) may have been written in connection with the "promotion or marketing" of any transaction contemplated hereby ("Transaction"). Accordingly, you should seek advice based on your particular circumstances from an independent tax advisor.

Any terms set forth herein are intended for discussion purposes only and are subject to the final terms as set forth in separate definitive written agreements. This presentation is not a commitment to lend, syndicate a financing, underwrite or purchase securities, or commit capital nor does it obligate us to enter into such a commitment, nor are we acting as a fiduciary to you. By accepting this presentation, subject to applicable law or regulation, you agree to keep confidential the information contained herein and the existence of and proposed terms for any Transaction.

Prior to entering into any Transaction, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such Transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any Transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any Transaction) and our disclaimer as to these matters. By acceptance of these materials, you and we hereby agree that from the commencement of discussions with respect to any Transaction, and notwithstanding any other provision in this presentation, we hereby confirm that no participant in any Transaction shall be limited from disclosing the U.S. tax treatment or U.S. tax structure of such Transaction.

We are required to obtain, verify and record certain information that identifies each entity that enters into a formal business relationship with us. We will ask for your complete name, street address, and taxpayer ID number. We may also request corporate formation documents, or other forms of identification, to verify information provided.

Any prices or levels contained herein are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration, are subject to change at any time without notice and are not intended as a solicitation with respect to the purchase or sale of any instrument. The information contained in this presentation may include results of analyses from a quantitative model which represent potential future events that may or may not be realized, and is not a complete analysis of every material fact representing any product. Any estimates included herein constitute our judgment as of the date hereof and are subject to change without any notice. We and/or our affiliates may make a market in these instruments for our customers and for our own account. Accordingly, we may have a position in any such instrument at any time.

Although this material may contain publicly available information about Citi corporate bond research, fixed income strategy or economic and market analysis, Citi policy (i) prohibits employees from offering, directly or indirectly, a favorable or negative research opinion or offering to change an opinion as consideration or inducement for the receipt of business or for compensation; and (ii) prohibits analysts from being compensated for specific recommendations or views contained in research reports. So as to reduce the potential for conflicts of interest, as well as to reduce any appearance of conflicts of interest, Citi has enacted policies and procedures designed to limit communications between its investment banking and research personnel to specifically prescribed circumstances.

[TRADEMARK SIGNOFF: add the appropriate signoff for the relevant legal vehicle]

© 2010 Citigroup Global Markets Inc. Member SIPC. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

© 2010 Citigroup Global Markets Limited. Authorized and regulated by the Financial Services Authority. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

© 2010 Citibank, N.A. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

© 2010 Citigroup Inc. All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

© 2010 [Name of Legal Vehicle] [Name of regulatory body.] All rights reserved. Citi and Citi and Arc Design are trademarks and service marks of Citigroup Inc. or its affiliates and are used and registered throughout the world.

Citi believes that sustainability is good business practice. We work closely with our clients, peer financial institutions, NGOs and other partners to finance solutions to climate change, develop industry standards, reduce our own environmental footprint, and engage with stakeholders to advance shared learning and solutions. Highlights of Citi's unique role in promoting sustainability include: (a) releasing in 2007 a Climate Change Position Statement, the first US financial institution to do so; (b) targeting \$50 billion over 10 years to address global climate change: includes significant increases in investment and financing of renewable energy, clean technology, and other carbon-emission reduction activities; (c) committing to an absolute reduction in GHG emissions of all Citi owned and leased properties around the world by 10% by 2011; (d) purchasing more than 234,000 MWh of carbon neutral power for our operations over the last three years; (e) establishing in 2008 the Carbon Principles; a framework for banks and their U.S. power clients to evaluate and address carbon risks in the financing of electric power projects; (f) producing equity research related to climate issues that helps to inform investors on risks and opportunities associated with the issue; and (g) engaging with a broad range of stakeholders on the issue of climate change to help advance understanding and solutions.

Citi works with its clients in greenhouse gas intensive industries to evaluate emerging risks from climate change and, where appropriate, to mitigate those risks.

efficiency, renewable energy & mitigation

