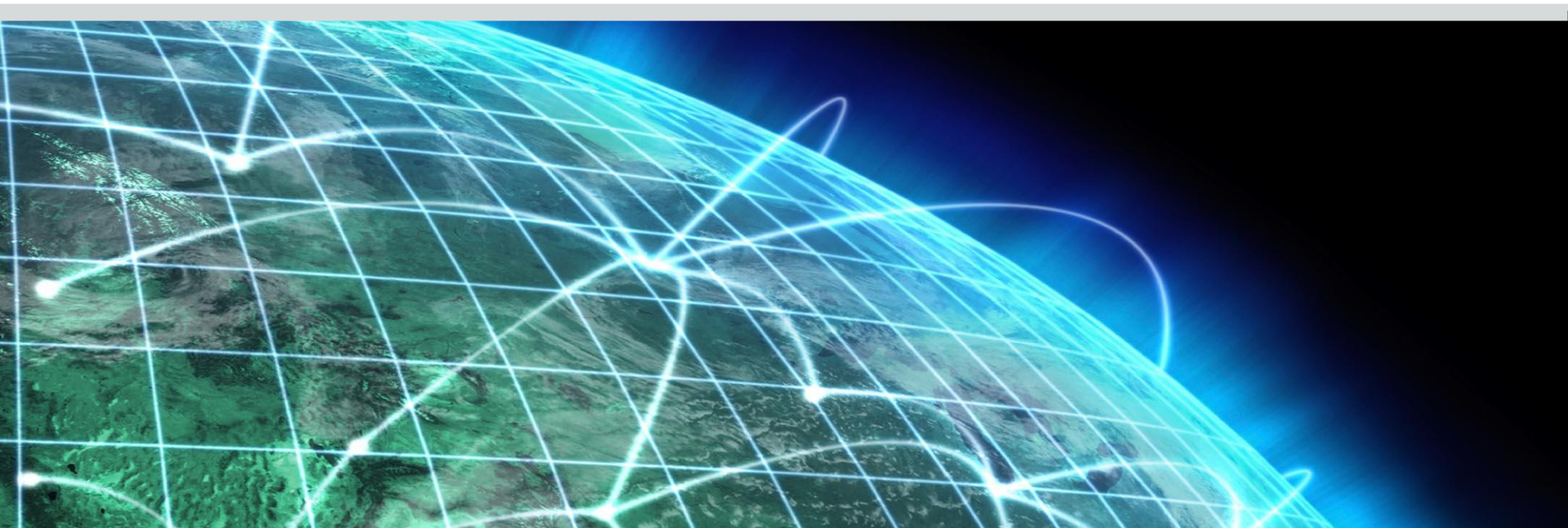




Supply Chain Finance Solutions ✓

Is SCF still relevant in a low interest rate context?



March 14th, 2017



1. Supply Chain Finance
 2. A low interest rates environment
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 4. Benefits of Supply Chain Finance
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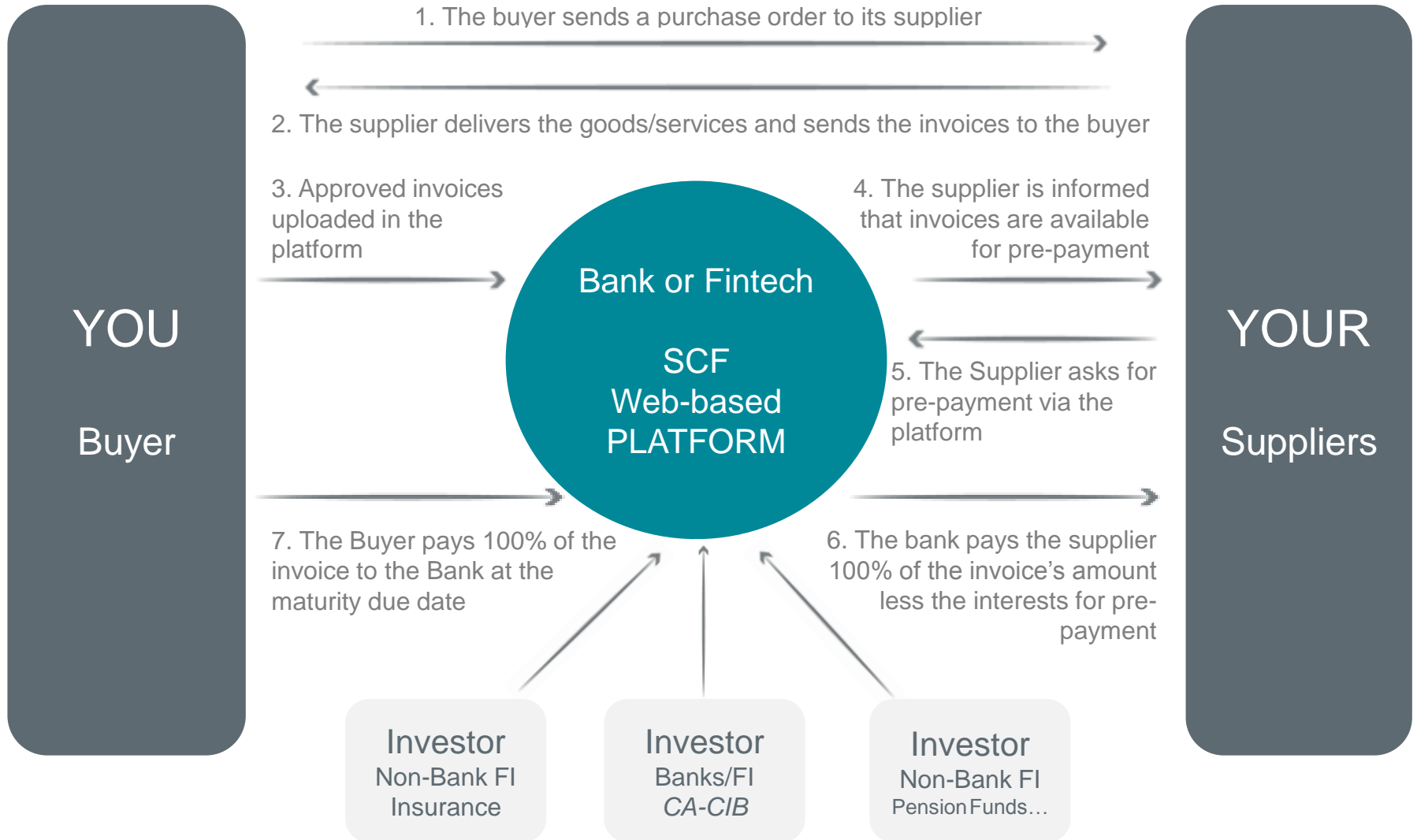


About Supply Chain Finance

SHAPING SOLUTIONS BEYOND BORDERS

01. Supply Chain Finance

Main Principles





*"Supply Chain Finance is defined as the use of financing and risk mitigation practices and techniques to **optimize the management of the working capital and liquidity** invested in supply chain processes and transactions. SCF is typically applied to **open account trade** and is **triggered by supply chain events**. Visibility of underlying trade flows by the finance provider(s) is a necessary component of such financing arrangements which can be **enabled by a technology platform**"*

Global Supply Chain Finance Forum 2016
International Chamber of Commerce



Do Supply Chain Finance Solutions still make sense in a low interest rates environment?

SHAPING SOLUTIONS BEYOND BORDERS

02. A low interest rates environment

History and Forecasts

Interest rates have been very low since in 2016

Average 3-month rates in 2016:

€: -0.26%

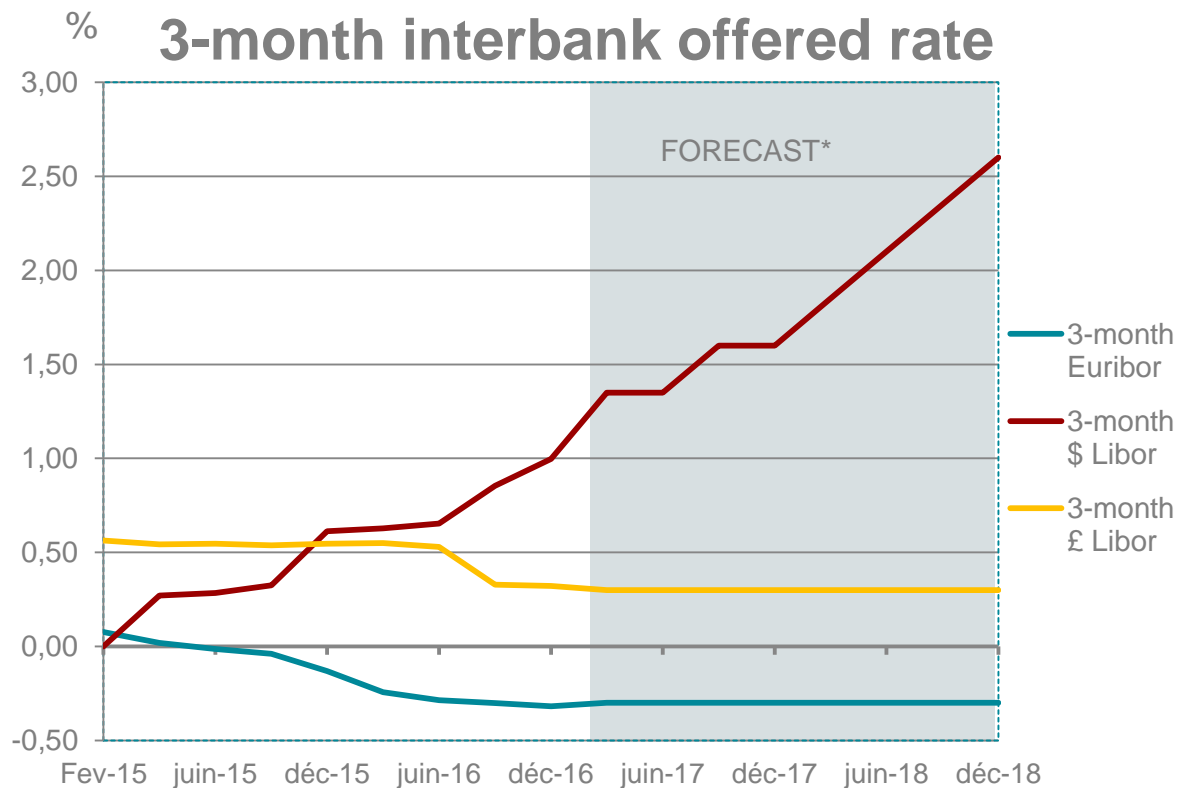
The Euro rates are likely to stay stable until at least 2018 when ECB may end up quantitative easing.

\$: 0.75 %

The Federal Operation Market Committee already announced the rise of interest rates from March 2016 (mostly driven by the low unemployment rate).

£: 0.46%

Forecasted to stay stably low due to a high level of uncertainty (Brexit negotiations, inflation, etc.)



Forecasts made by CACIB economists (February 2017)

02. A low interest rates environment

However the SCF Market has steadily grown up

Average SCF worldwide growth: 24.2%

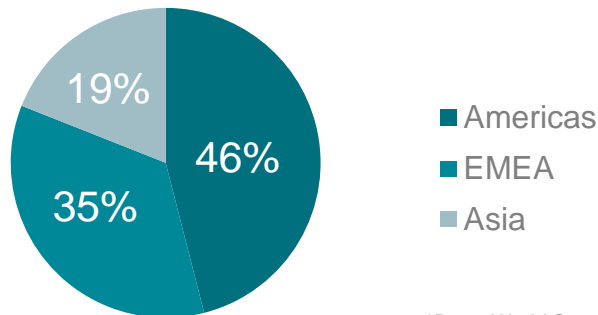
Estimates for 2016*

Average SCF growth per geography	EMEA	ASIA	US
	25%	45%	15%

Global Supply Chain Finance Market Metrics*:

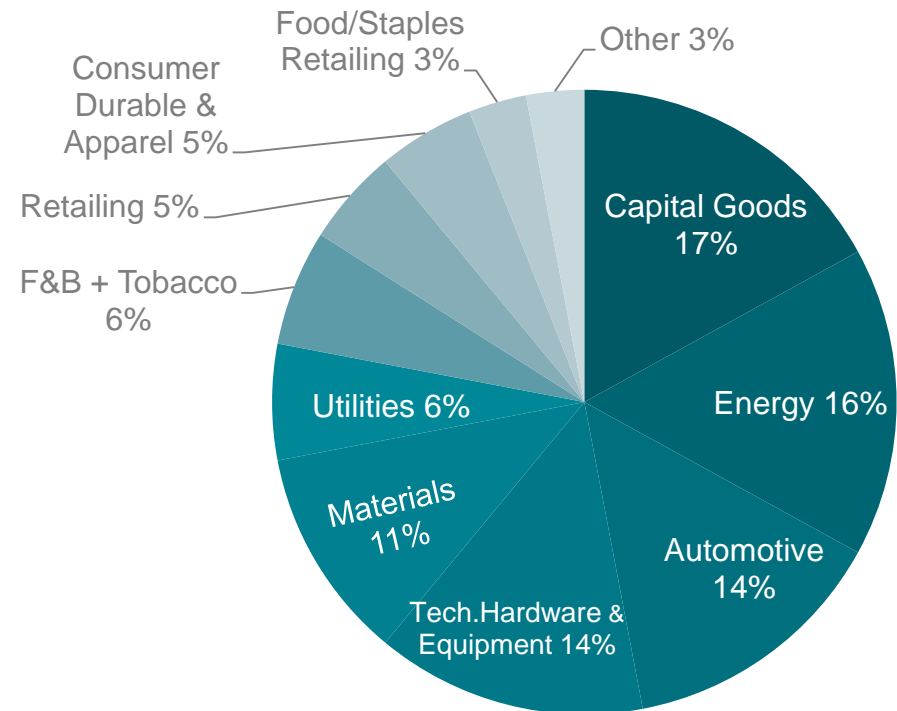
- Total Cost of Goods Sold (COGS) Eligible for SCF: \$13tn
- Potential market: \$1.8tn
- About \$45bn SCF programs outstanding in 2015
- SCF is a globally evolving market

SCF Outstandings/Region*



*Data: World Supply Chain Finance Report 2015

Investment grade Potential market**



**Data: McKinsey Survey 2015

03. Why should you improve your Working Capital?

Possible Impacts of Cash Generation



Free-up cash for Working Capital needs, Capex financing or to seize M&A opportunities

Developing your activity

Investments

Acquisitions

Increase
Production

Strengthening your company

Reduce Debt

Improve Ratios

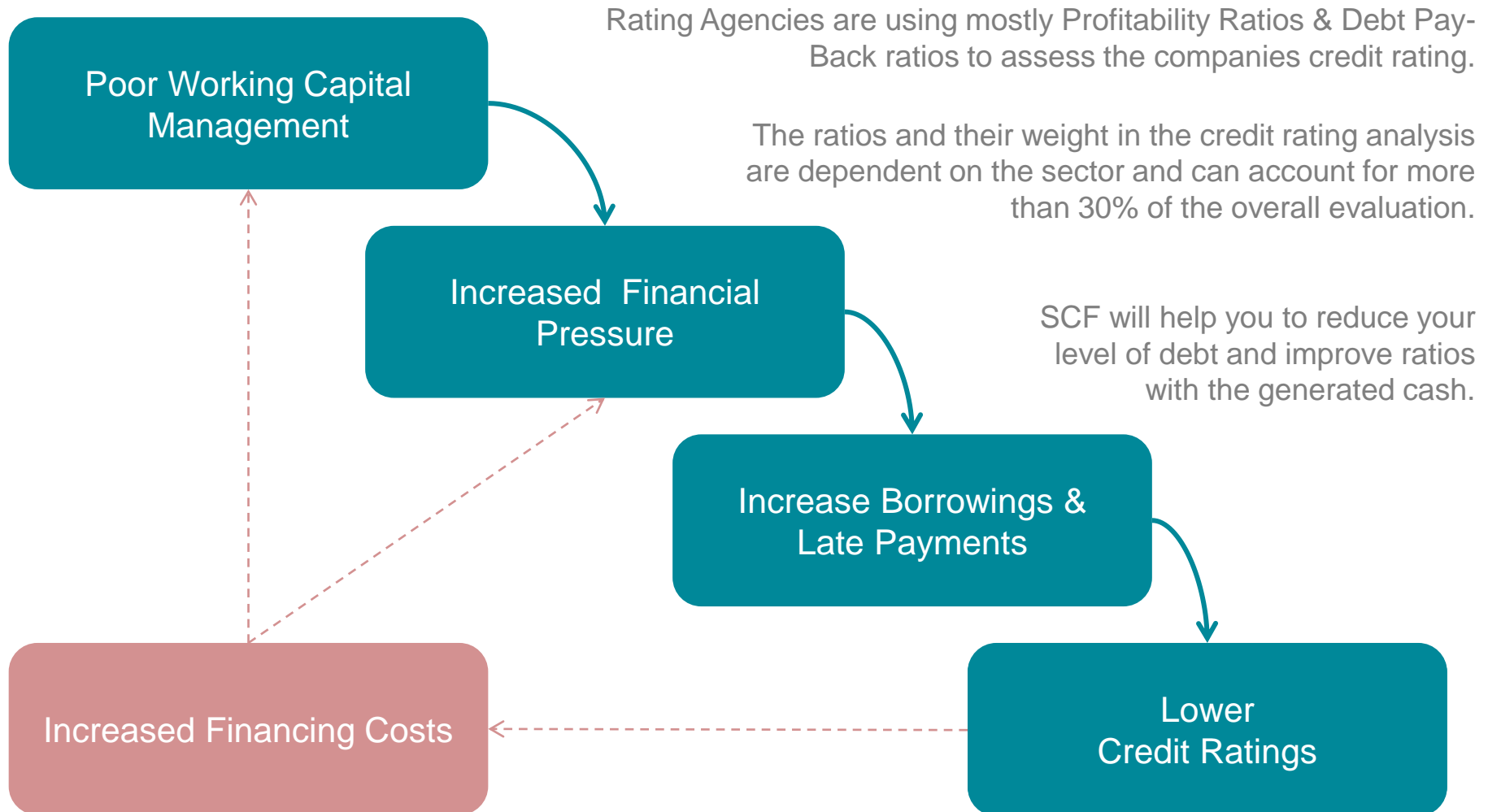
Satisfying Shareholders

Distribute
Dividends

03. Why should you improve your Working Capital?

Preserve Your Credit Rating by improving your key ratios

Even in a low interest context, managing your working capital is crucial for the soundness of companies.



04. Benefits of Supply Chain Finance

Improve visibility and forecasting



For the Buyer

- Control and visibility over account payable process
- Treasury forecasting
- Payment on time of the suppliers and avoid fines
Comply with Art. L. 441-6 & L. 443-1 of the French Commercial Code on Late Payments
- Switch from Letters of Credit to Open Account Trade while offering financing solutions to your suppliers

For Suppliers

- Better invoice tracking
- Visibility and control
- Facilitates cash-flow forecasting



04. Benefits of Supply Chain Finance

Ensure Supply Chain sustainability



For the Buyer

Support to the trading relationship

- Supports a closer relationship with your strategic suppliers by providing them with cheaper and secure working capital financing
- Enables a discount (better negotiation of terms with suppliers)
- Mitigates financial risks in the supply chain and lowers operating costs
- Provide safety on payments

Corporate Social Responsibility

- Enables a better treatment of your suppliers : key for your corporate social responsibility and create loyalty from your suppliers
- Pay suppliers on-time

For Suppliers

New Credit & Liquidity Source

- Access to an alternative liquidity source at a lower cost than their own by leveraging on the Buyer's credit worthiness
- Competitive financing terms compared to other sources such as factoring
- Enables a better responsiveness to the demand

Flexibility and simplicity

- Provides visibility and control over the invoices and facilitates cash-flow forecasting
- Simple, user-friendly legal and operational model, no bank account opening required
- No set-up or on-going costs to use the platform

05. A wider scope for supply chain finance: Dynamic Discounting

Another way to optimize the Cash, in a low rates environment

The Dynamic Discounting is a flexible solution that enables the Buyer to use its available cash to pay its suppliers earlier in exchange for a discount in a real time environment

- The discount is calculated on a sliding scale depending on the days left before maturity
- Enables to target suppliers and invoices you make available for prepayment

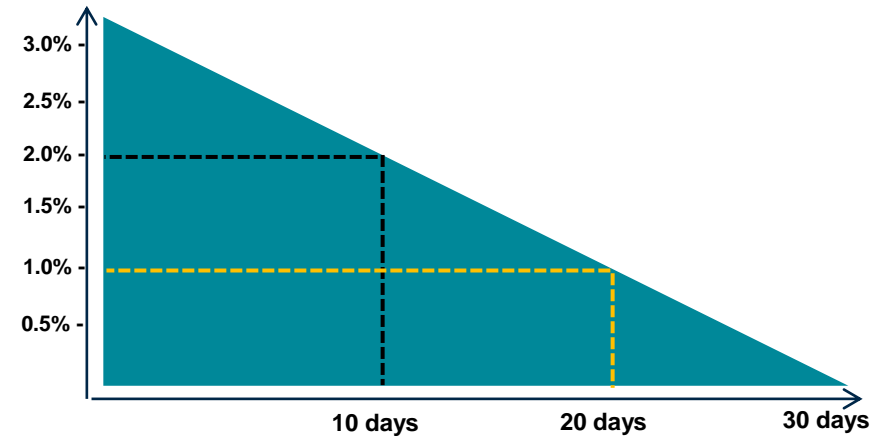
Optimize your cash by “investing in your payables”:

- Reducing your Purchasing Cost and improve your margins
- The Dynamic Discounting offers a good level of profitability on the cash invested in the solution

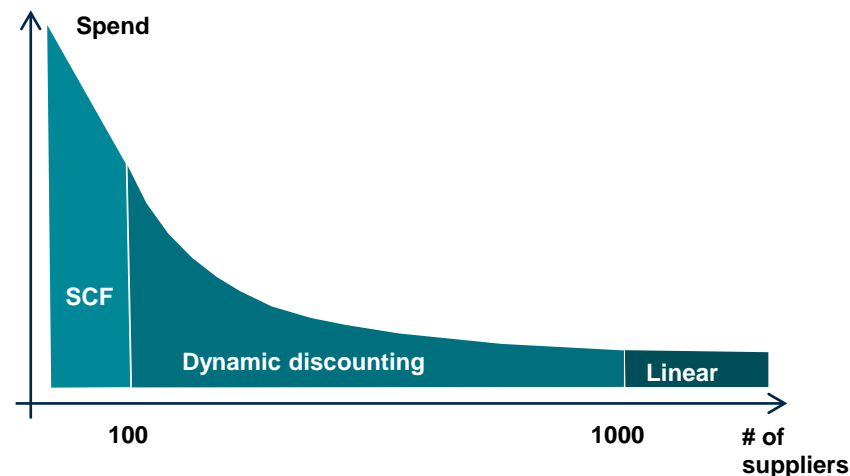
You offer your supplier:

- An alternative working capital and liquidity source
- To reduce its collection terms

Sliding Scale Discount



Best strategy summary





SHAPING SOLUTIONS BEYOND BORDERS

APPENDIX
CACIB SUPPLY
CHAIN SOLUTIONS

Crédit Agricole CIB Supply Chain Solutions

A comprehensive and innovative offer based on 3 pillars



Pillar 1

OPTIM Supply Chain



- A state-of-the-art platform with STP processes to optimize your supplier relationships
- A user-friendly web-based interface to easily manage your Supply-Chain

Pillar 2

Partnership with Platform Providers

- A capacity to offer Supply Chain Finance Solutions teaming up with platform providers
- Connect platforms with minimum efforts. Most services & impacts are supported by platform providers

Pillar 3

Participation with other Banks

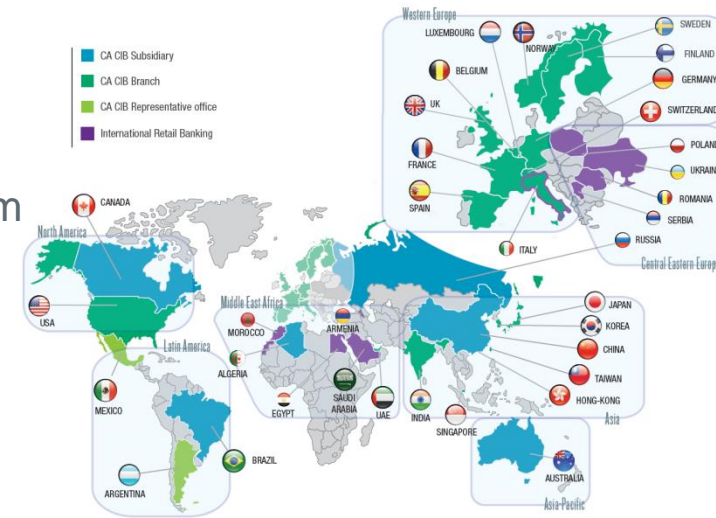
- Appetite to participate to existing SCF programs to support your business growth

Supply Chain Finance

CACIB Strengths



- An **extended network**
 - Close to your suppliers
- Proven **technology** and **user-friendly** web-based platform
 - 2 clicks to be paid same day in EUR, GBP, USD
 - SCF and Dynamic Discounting on the same platform
- Centralized, efficient and **automated processes**
- Sound **experience** in Reverse Factoring, Reverse Forfeiting in Europe and Supply Chain Finance in the US
- A dedicated suppliers on-boarding team
- Longstanding **client relationship** with both buyers and suppliers



Success of a Supply Chain Finance program: coordinated partnership between the Client and the Bank, preserving interests of each party from the implementation to the on-boarding



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