



# Intercompany Netting Services

Corpay Cross-Border offers a complete intercompany netting service to our customers to handle settlement of internal invoices.

Our unique offering frees up internal resources while saving your company time and money. Our team will handle the entire netting process and provide you with detailed reports that are necessary to complete your internal bookings.

You will provide your intercompany settlement data for each netting cycle (normally monthly) and we will use our proprietary netting tool to perform your netting operation each month. Our offering includes the set-up outsourced administration of the netting process.

## Why Choose Corpay's Solution

Our intercompany netting service allows you to reap the benefits of intercompany netting while avoiding the cost of an expensive netting solution and frees up your internal resources to focus on other tasks. We provide you with a complete outsourced solution with access to all netting reports.

- 1 Client informs Corpay of desired netting cycle settlement date
- 2 Client submits intercompany payment file to Corpay
- 3 Corpay performs intercompany netting cycle and provides a complete set of reports to client

## What is Intercompany Netting

A cornerstone of centralizing treasury functions, it is a settlement arrangement among subsidiaries in a corporate group where each subsidiary sends and receives payment from a Netting Center for obligations due from other subsidiaries in the group.

Settlement mechanism used by companies to pay affiliates or third parties

Multilateral netting consolidates transactions and calculates settlement internally, and reduces bank fees and foreign currency conversion costs

Improves internal operating efficiency and reduces credit and/or settlement risk

## Why Use Intercompany Netting

Intercompany netting sums and converts each entity's transactions (payments) into a single local-currency amount to pay to or receive from the netting center. By doing so, it reduces the cost of making payments and brings structure and discipline to intercompany settlement processes.

Companies of all sizes use intercompany netting to manage their internal and external global payment process

Offsets unnecessary internal foreign currency movements while reducing the number of wire transfers to one transfer per netting cycle, per entity

Can improve cash flow forecasting and flushes out previously unnoticed currency exposures

Assists in managing cash around the organization

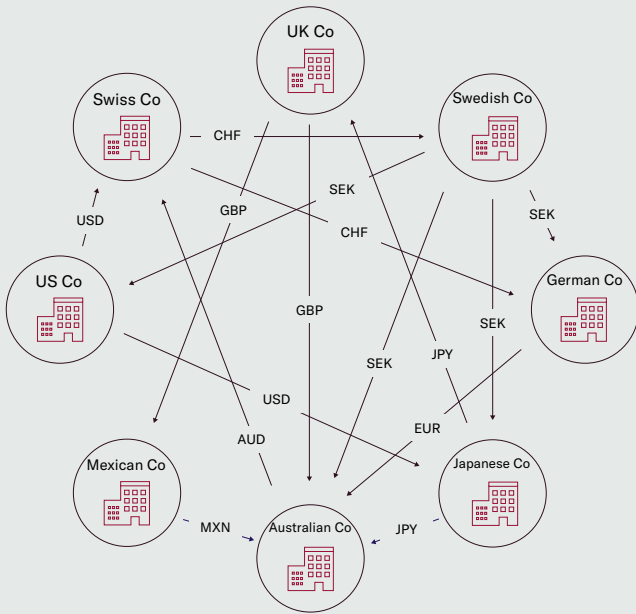
## Before

Small, numerous, and costly FX deals for subsidiaries during the month

Can be difficult and/or costly to hedge, or high bank fees are in place

Payment date uncertainty or lack of visibility over payments making cash management problematic

Mismatch on intercompany bookings resulting in difficult reconciliation



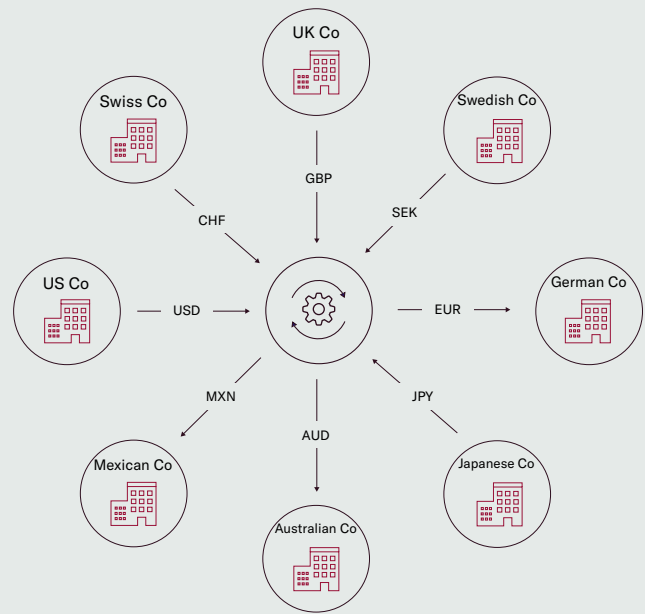
## After

Reduction in payment costs due to fewer payments

Concentration of payments and reduction in number of banks used leads to a reduction in float

FX is centralized and netted, while remaining FX is aggregated to larger volumes at better trade rates

Simplified payment procedures which brings structure, discipline and visibility to intercompany settlements across the organization



## Available Reports

Funding Report: consolidated trades are executed to fund the netting cycle (1 trade per currency)

Participant Reports: transaction level detail for each entity in order to use for reconciliation

Settlement Reports: summaries of payments due to or from the netting center for each participant in their local currency

Savings Reports: show savings from each cycle due to reduction in wire fees and elimination of unnecessary transactions



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