

Frequently Asked Questions

Rabo Supplier Finance



Rabobank

FOR DISCUSSION PURPOSES ONLY

Rabobank International
Version 1.0
CONFIDENTIAL

1 Supplier FAQ

- i. What are the benefits of this program for a supplier?
 - It eliminates costs of L/C's, factoring, receivable purchase or credit insurance
 - Suppliers can overcome internal trading limits as they are paid immediately
 - Suppliers can diversify in financing and the financing is off-balance
 - It increases transparency of payments
 - It increases flexibility of payment for supplier
 - It shortens the balance sheet of the supplier
 - Suppliers can 'sell' their payment risk on the buyer to the bank

- ii. How fast can the supplier get the money from the bank?

The bank will pay suppliers the business day following the day the payment was approved by the buyer and requested by the supplier

- iii. What does the supplier have to do in order to receive earlier payments? What is the procedure or document required for onboarding and for each transaction?

If you are a '*manual discounting supplier*' you will need to log on into the platform. Please find an instruction video at the following link <https://rabobank.dist.sdlmedia.com/Distributions/?o=5C7FE9F1-CA1D-4E88-A505-7A1C6646ADBF>. If you are an '*auto discounting supplier*' you will not need to log in to the platform nor perform any tasks

- iv. How is the (discounted) pricing calculated for the supplier? Does this pricing change? Will the supplier be informed of the actual pricing of that moment?

The pricing is communicated to you at time of signing the contract. If the pricing changes, the supplier will be notified via email. The supplier can always log in to the platform and see the details of the discount calculation and can stop discounting at any given moment

- v. When can the supplier decide whether he will make use of the discounting option? Is there any deadline?

The supplier can request for early payment (discounting) at any moment by logging in onto the platform. There is no deadline.

- vi. Is there any recourse event? i.e. Is there a possibility that the supplier has to pay back the money that they have received from the bank?

The Supplier Finance program is non-recourse towards the supplier. Once the supplier is paid, the bank has no legal right to reclaim the invoice amount from the supplier.

- vii. Does the supplier have to register this activity with the local authorities? i.e. the regulator?

Rabobank is not aware of any regulatory requirements regarding the early payment of the supplier its invoices

- viii. How quickly can the supplier sign up for supplier finance?

Once the buyer has agreed to the participation, the on-boarding process can be quick. On average, companies can be onboarded in 4 business days.

- ix. Does the supplier have to change the way it sends its invoices?

No change of invoicing is required. The existing process that a supplier performs to invoice the buyer still remains in place.

- x. Does the supplier need additional software or equipment to use Supplier Finance?

No. The Rabo SF Platform operates is web based and available 24 /7, and does not require software installation.

2 Buyer FAQ

i. What is Supplier Finance?

Supplier Finance, also known as supply chain finance, reverse factoring, or accounts payable finance is a solution that helps improving working capital of buyers and suppliers. Supplier Finance discounts invoices automatically via a web based platform and pays suppliers this discounted value at any given moment. The discount rate is the only cost involved for the supplier and is based on the credit worthiness of the buyer.

ii. Process overview

- The supplier ships goods and sends an invoice to the buyer as usual, no intervention in the supply chain
- The buyer uploads approved invoices (and credit memo's) to Rabobank via an automated web platform
- Suppliers can be paid immediately as soon as the approved invoices have been received by Rabobank. The amount paid to the supplier is discounted by the payment term and the Supplier Finance margin which is based on the credit rating of the buyer and the applicable Euribor/Libor
- The buyer pays the bank 100% of the original invoice at maturity date

iii. How does supplier finance link with e-invoicing systems?

Electronic invoicing is not a requirement for supplier finance. However, when combining the supplier finance and e-invoicing processes, invoice approval processes might be improved and therefore payments will be quicker.

iv. How secure is the working capital finance platform?

The Rabo Supplier Finance falls under the strict security policy. Rabo ensures 100% data integrity, by law we are not allowed to use or share any of the data. Further, there are strong security and encryption protocols on all data, activity, and transmissions across the platform. Access to the data is restricted to only designated bank employees.

v. Once enrolled, can a supplier decide not to trade on the program?

Yes. The supplier is not required to trade or request early payment of its invoices.

vi. What is the cost of the supplier finance program?

The cost of the program are fully borne by the Supplier and only based on the discount. There is no handling or on-boarding fee.

vii. How is the pricing or discount determined in Supplier Finance?

$$\text{Invoice Amount} \times (\text{Libor} + \text{SF Margin}) \times \frac{\text{Payment term} - \text{Days to approve invoice}}{360}$$

viii. How often does LIBOR or EURIBOR change?

We use the interpolated LIBOR or EURIBOR rate to match the invoice term. The rates are updated daily.

ix. What are the benefits for a buyer to set up a Supplier Finance program?

- Extended creditor payment terms can increase the company's trade payables balance, thereby leading to a further optimisation of the company's Working Capital position
- Buyer's working capital positions is funded by suppliers, with those suppliers bearing the interest cost on funds drawn under this structure
- Potential to 'lock in' suppliers, thereby increasing the security of supply of key inputs for Buyer
- Harmonization of payment terms or early payment discount
- Can improve relationship with suppliers due to improved payment processes/discipline, transparency and a cheap, alternative source of financing
- Supplier Finance is a service for the suppliers of a buyer and strengthens the financial supply chain
- Early payment to participating suppliers enables sourcing advantages compared to competitors
- Reduce supplier payment inquiries through supplier reporting platform

x. How long does it take on average to set up a Supplier Finance program?

On average, it takes around three months to implement a program.

xi. Are there countries or currencies that are restricted for supplier finance on the PrimeRevenue platform?

Rabo can fund any hard currency and some soft currencies such as RMB.