

Supplier's quick reference guide to Supply Chain Finance

Supply Chain Finance (SCF) is a working capital optimization tool that offers suppliers the option to choose early payment for eligible invoices. SCF leverages the credit rating of your buyer to offer discounts on invoices at attractive rates.

Benefits

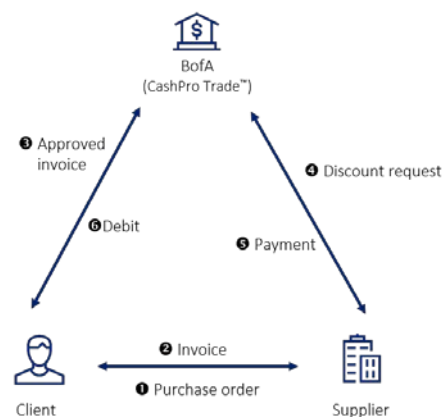
- Improves cash flow – Bank of America purchases 100% of your receivables due from the buyer, improving working capital and your DSO metrics
- Lowers the need to use limited/often costly bank lines
- Offers a low cost early payment option, at your discretion, based on the buyer's credit profile – at attractive rates
- Limited program documentation requirements
- Easy-to-use, web-based program through CashPro Trade™
- Ongoing platform and program support, including our online [Supplier Resource Center](#) for optimizing the value of the program
- Ability to choose automatic or selective invoices to sell

How does SCF work?

Once a supplier accepts an invitation to participate in a buyer's program, an assigned Supply Chain Finance professional at Bank of America will guide the supplier through the necessary documentation to join the program.

After joining the program, the supplier will then continue to submit their invoices to their buyer via the normal process. After the buyer approves the invoices, the supplier will be able to manage their invoices on our

award winning platform, CashPro Trade, and select eligible invoices for early payment. Alternatively, suppliers can opt in for auto-discounting on eligible invoices.



1. Buyer transmits purchase orders to supplier.
2. Supplier ships product and submits invoices to buyer.
3. Buyer reconciles and feeds approved invoice file into Bank of America proprietary platform, CashPro Trade.
4. Supplier selects and requests early payment from BofA on approved invoices.
5. BofA purchases the invoices and remits early payment to supplier less cost (discount charge).
6. BofA debits buyer's account on invoice maturity date.

How quickly can I access funding?

Suppliers can monetize receivables within 1-2 days after invoice approval by their buyer.

What does it cost?

Pricing of the program is communicated before joining the program. There is no additional fees to participate in the program beyond the discount applied to invoices.

How are the benefits calculated?

Bank of America purchases your receivables after the buyer has reconciled the invoices and provided the information to you through CashPro Trade – allowing you to select and receive early payment on your receivables (typically 5-10 days after invoice approval).

Example (per \$1M annual sales):

Current terms: Net 45	Current avg. A/R: \$125,000
New terms: Net 90	New terms A/R: \$250,000
SCF funding: 10 days	A/R with SCF: \$ 27,778

Cash flow savings: (from current terms to SCF)	\$97,222
Cost of capital savings: (fewer assets-35 days of sales @ assumed 8% WACC)	\$ 7,778
DSO improvement: (from 45 days to 10 days):	35 days

How is the discount calculated?

There are no implementation or monthly fees, only a discount charge using a base rate (such as LIBOR) plus a spread. This rate is based primarily on the buyer's credit profile – not your credit profile.

$$\text{Invoice Amt} \times (\text{LIBOR} + \text{Spread}) \times \frac{\text{Payment Term} - \text{Days to Approve Invoice}}{360}$$

Example (per \$1M funded):

Funded Amount	Annualized Early Payment Charge	Days Remaining in Your Term
\$1,000,000 X	(1.0% + 1.5%) X (LIBOR + SCF spread)	(90-10)/360 =

$$= \$5,556 (.55\%)$$

As you can see from the example, the savings generated is greater than the discount. How would your situation compare?

Next steps

- If you are not a current Bank of America customer, you will need to provide corporate authorization ("KYC") documentation.
- Complete the standard program agreement and CashPro Trade™ platform documentation.
- Bank of America will establish web access to CashPro Trade for you to review and request early payments.
- You submit a request for early payment on selected (or all) invoices approved by the buyer – or have it set up to auto-select.
- Payment is remitted to supplier 1-2 days after the request.

For more information

For more information about discounting time drafts, including terms and conditions that may apply, contact your Bank of America representative. Or visit: bankofamerica.com/trade