

# MUFG Supply Chain Finance Program

## SUPPLY CHAIN FINANCING PROGRAM OVERVIEW FOR SUPPLIERS

Today both Buyers and Suppliers are looking for ways to reduce financing costs, improve working capital, and free up liquidity in their cash conversion cycle.

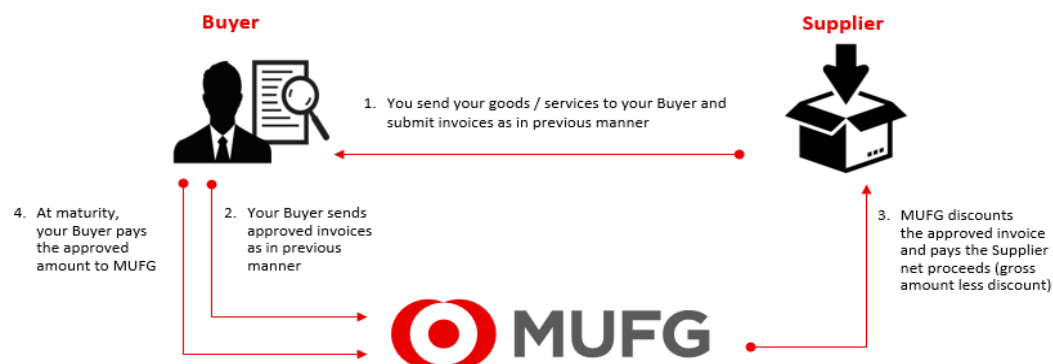
Now, with this program offered exclusively by MUFG to Suppliers, you can improve your Cash Conversion Cycle by reducing your Days Sales Outstanding and get faster access to your own funds at a rate that is beneficial to you.

### What are the benefits to you?

- Reduce your Accounts Receivables and associated carrying costs
- Get paid at an attractive rate
- Receive notification of payment via our supplier portal
- Payment certainty to relieve the need for short term borrowing and reduce credit risk

### How does the program work?

The MUFG Supply Chain Finance program offers you the ability to get paid earlier:



- You will continue to use your existing process for submitting and processing invoices
- Buyer sends approved invoices to MUFG
- You will be paid based on payment terms, electronically and receive net proceeds into your designated bank account
- On the original invoice due date, Buyer sends payment to MUFG to settle invoice

### How to calculate your cost savings?

Your fee is based on the value of your receivable, the period the receivable will be outstanding plus any payment cycle terms, and the MUFG price, which is comprised of a base rate such as LIBOR plus a credit spread.

$$\begin{array}{c} \text{Invoice Amount} \times \text{Interest Rate} \times \frac{\text{Days Left in Payment Cycle Terms}}{360} = \text{Invoice Discount Amount} \\ \uparrow \\ \text{LIBOR* + MUFG Margin} \end{array}$$



## Sample Cost Savings Calculation

For illustrative purposes only: let's say that your current terms with your buyer are 2.5%/15 Net 150, an equivalent interest rate of 6.67%. With the MUFG SCF Program, your interest rate would be LIBOR + 115 bp

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2.61%\*\* + 1.15%

### Key Take Away:

The MUFG Price will likely be significantly lower than your current invoice discount amount

### Let's Figure Out How Much You Can Save?

Annual Spend \$1,000,000	Current Discount	MUFG SCF Program	
Annual Spend	\$1,000,000	\$1,000,000	
Interest Rate	6.67%	3.76%	
Days Left in Term	135	135	← Discounting Daily (sample at Day 15)
Discount Amount	\$25,013	\$14,100	← \$25,013 - \$14,100 = \$10,913 Significant Improvement in Discount Amount = 44% Improvement
Early Amount Received	\$974,987	\$985,900	

### An Easy, Three-Step Process to Enroll

1. Send completed materials for Know Your Customer (KYC) guidelines
2. Complete and have an authorized signatory sign the Receivables Purchase Agreement
3. Provide additional information, as required (i.e. Lien Releases)

### New Documentation Required

As a bank, MUFG has a more extensive list of documents required to meet regulatory standards, including:

- Receivables Purchase Agreement
- Company Formation Documents
- Lien Release (if required)
- Certificate of Incumbency
- Verification of Bank Information
- Supplier Setup Form

Please Note: Lien and 1<sup>st</sup> Security interest searches may be required

### And in return, once your paperwork is accepted, you will:

- Be welcomed to the SCF platform via phone and email to let you know that you have been activated for use
- Receive platform login information and instruction on how to use the system
- Contact us via phone or email for any questions or concerns

We look forward to speaking with you and thank you for your partnership with your Buyer and MUFG.

For more information, please contact:

**MUFG Customer Support Team**

**Email: SCFsupport@us.mufg.jp**