

## **Eximbank's Relending Facility**

**Relending Facility** is a program aimed to facilitate foreign importers to purchase goods from Taiwan. It is a bank-to-bank arrangement by which our bank, The Export-Import Bank of the Republic of China (Eximbank) extends a credit line to overseas financial institutions (Relending Banks), in support of financing their clients' importation from Taiwan exporters. The foreign importers apply to the Relending Banks for loans used to purchase products sold by Taiwan exporters. Subsequently, the Relending Banks can make drawdowns from Eximbank against the loans made to the importers. Under the structure of Relending Facility, Eximbank undertakes the credit risk of the Relending Banks, while the Relending Banks undertake the credit risks of the importers.

Floating interest rates are applied to eligible transactions under the Relending Facility. Financial institutions who are interested in establishing a Relending Facility Agreement are welcome to send Eximbank an application letter along with annual reports for the past three years to join the scheme. Main features of Relending Facility are highlighted below.

### **Type of Goods to be Financed:**

1. Any goods purchased from Taiwan exporters, ex: equipment, parts, raw materials, consumer goods, etc.
2. Including goods shipped from places other than Taiwan.

### **Payment Terms:**

O/A, D/A, D/P, L/C and Advance Payment all acceptable.

### **Currency:**

In US Dollar.

### **Percentage and Amount of Financing:**

For each transaction, the percentage of financing is up to 100% of the gross purchase price.

### **Tenor of Loan for Trading:**

The maximum tenor is five years.

### **Interest Rate:**

Based on the prevailing six (6) month London Inter-Bank Offered Rates (LIBOR) for US dollar plus a margin.

### **Repayment:**

Normally, the principal shall be repaid in equal semi-annual installments with the first one being repaid on the date falling 12 months after the date of Eximbank's disbursement. Where the tenor of the loan is less than one year, the relending financial institution shall fully repay (in one lump sum) on the maturity date.

### **Prepayment:**

Prepayment of the loan is acceptable without any penalty.

### **FAQ**

What should a bank do to work with Eximbank under the Relending Facility Scheme?

#### 1. Applying for the credit line

Any foreign bank may apply to Eximbank for entering into a Relending Facility Agreement by furnishing its annual reports for the latest 3 years together with a letter of application. Once our bank approves the application, a line of credit will be given to the foreign bank for payment of goods to be imported from Taiwan by its clients.

#### 2. Launching publicity for the program with clients

A campaign of publicity is advisable so as to activate the relending business. That is, to effect drawdown from Eximbank and help conclude the trade deals.

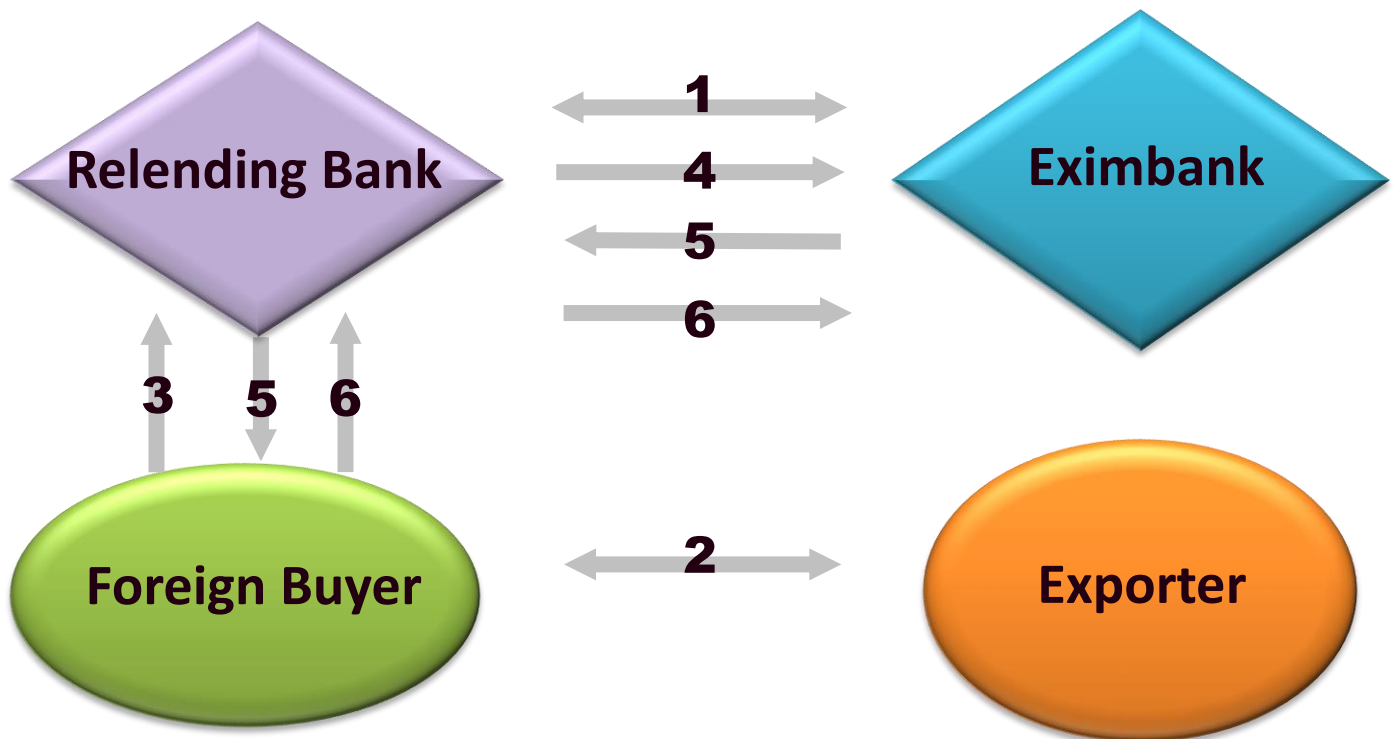
#### 3. Making repayment

For shorter-than-one year loans (inclusive), the Relending Bank shall repay in one lump sum on the maturity date. For longer-term loans, repayment shall be made in approximately equal semi-annual installments commencing twelve months after the date of Eximbank's disbursement. Nevertheless, the due date of the first installment shall be the first Scheduled Payment Date on/after twelve months of Eximbank's disbursement. Scheduled Payment Dates as defined by Eximbank are February 15, May 15, August 15 or November 15, to streamline clerical work.

### **For example:**

Given the disbursement on January 15, 2017 and the tenor being 3 years, the Relending Bank shall repay the principal on February 15, 2018/ August 15, 2018/ February 15, 2019/ August 15, 2019/ January 15, 2020, with interest payment made on August 15, 2017/ February 15, 2018/ August 15, 2018/ February 15, 2019/ August 15, 2019/ January 15, 2020.

## Flow Chart of Relending Facility



### Steps :

1. Establishment of Relending Facility Agreement & Credit Line
2. Sign Purchase Order or Sales Contract between Taiwan Exporter and \_\_\_\_\_ Importer★
3. Apply for a Credit Line
4. Request for Disbursement
5. Review & Disbursement
6. Repayment of Interest & Principal

★ All payment terms such as L/C, T/T, O/A, D/A, D/P are acceptable.