

Factoring



What is factoring?

Factoring is where a **factoring company purchases short-term receivables**. Factoring offers your company the chance to convert accounts receivable into liquidity. Your company sells its trade receivables to our factoring company and receives immediate liquidity in return.

In doing so, your company can also benefit from credit rating monitoring, debtor management and dunning services.



When is factoring the right solution?

Factoring is the ideal finance optimisation tool for the following companies:

- Companies with high outstanding accounts and/or rising debts to suppliers
- Growing companies with dynamic revenue growth and seasonal fluctuations
- Companies that deliver on open account with long terms of payment
- Start-ups with plans to expand
- Companies looking to access new sales markets in other industries or foreign markets



What are the benefits of factoring?

- **Initial liquidity** from the sale of existing receivables – i.e. by purchasing existing receivables on a particular date
- **Improved liquidity**: outstanding receivables paid in advance
- **Assets on the balance sheet** of the selling company are **reduced**
- **Risk mitigation** due to the factoring company's effective dunning and debt collection system



Which parameters need to be considered for factoring?

- **Loan amount**: Max. 80% of total gross amount invoiced
- **Cover**: The factoring company assumes the risk of payment default (like credit insurance), setting limits per debtor (cover for up to 90% of the receivable, and up to 100% for export factoring)
- **Term**: Until receipt of payment or, if the risk of payment default is assumed, until a claim is made.
- **Receivables management**: The factoring company provides the following key additional services: accounts receivable management, debt collection, dunning and receivable recovering
- **Conditions**: 3-month Euribor + margin depending on debtor credit rating
- **Fees**: Between 0.1% and 1.5% of annual turnover if all services are used (financing, cover, debtor management)



Are you interested in a customised factoring solution?

If you are interested in factoring, please contact Erste Group's factoring bank:

Intermarket Bank AG
Marokkanergasse 7
1030 Wien

Martina Rebhahn
Tel. +43 (0)5 0100 - 28987
Email: rebhahn@intermarket.at

This information has been produced with the greatest of care. Nevertheless, Erste Group Bank AG does not make any representation or warranty of any kind, and assumes no liability, as to the accuracy, reliability or completeness of the provided information. Printing errors and mistakes reserved.