

Factoring



Factoring is much more than a one-off solution to cash flow problems. It is primarily a means of anticipating your future needs while keeping your balance sheet stable.

What is Factoring?

Factoring is a combination of solutions designed to manage companies' customer receivables. It is offered by BGL BNP Paribas via its subsidiary BNP Paribas Factor, the only operational entity in Luxembourg to specialise in factoring.

You transfer your trade receivables (your invoices) held with your professional customers and in return we make the corresponding funds available to you.

We can also take responsibility for recovery of these receivables and even guarantee you a successful outcome in the event of a default by your debtor.

In concrete terms, factoring is a solution that comprises three levels of service:

- > financing
- > underwriting of customer receivables (credit insurance)
- > debt collection and dunning

BENEFITS

- > Since you transfer your invoices to us in return for cash financing, you benefit from a source of funding that is more flexible than traditional financing solutions. For this reason, the cost of financing can also be more attractive than that associated with a credit facility.
Thus, if you are finding it difficult to set up or increase a credit facility, Factoring is a solution that will enable you to access additional cash funds to finance your current operations. This type of financing remains available even in the event of a temporary decline in your balance sheet.
- > You obtain the funds rapidly - they are available 48 hours after you transfer your receivables.
- > The funding is adapted to your cash flow requirements.
- > You can focus 100% on your business by choosing to outsource the management of your trade accounts to a specialist. All financial and administrative charges such as the follow-up and recovery of invoices are borne by our subsidiary, BNP Paribas Factor.
- > You can improve the average timeframes for the settlement of your receivables.
- > The risk of non-recovery of your receivables is limited by taking out credit insurance to protect yourself against the possible insolvency of debtors.

A flexible financing solution

This method of financing, which is accessible and adaptable according to your needs, enables you to diversify your sources of funding. You therefore gain more flexibility in terms of the management of your cash flow, and you can therefore, for example, pay your

suppliers more quickly and negotiate more favourable terms and conditions, or discounts. By outsourcing the management of your customer receivables, you can focus on your business while making sure your invoices are paid.



Factoring is THE most appropriate solution if:

- > you have cash flow requirements linked to payment deadlines granted to your customers,
- > you are a growing business and your cash requirements have increased significantly,
- > you are seeking to safeguard your turnover,
- > traditional short-term financing solutions are unsuitable or too risky for your banking partners,
- > your company is a recent start-up and has little available equity.

Factoring is a solution designed for professionals, businesses, SMEs/SMIs and large companies which have customer receivables comprising administrative entities, local authorities, public or private sector companies.

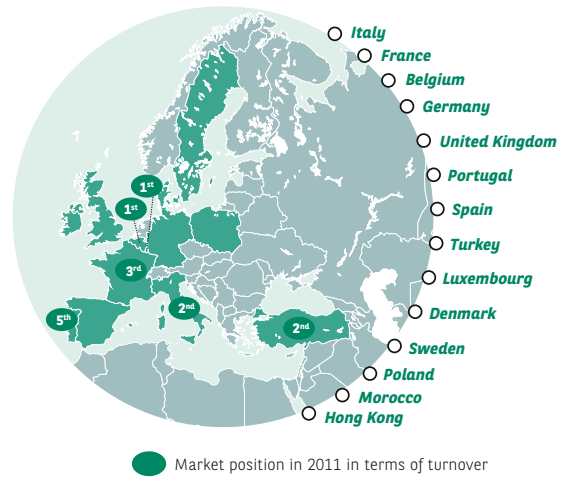
However, Factoring is not possible for invoices issued to individual customers. Self-employed professionals may not benefit from this solution.

An international solution for the management of your customer accounts

With the backing of the BNP Paribas Group's commercial network and thanks to BNP Paribas Factor's presence in various countries through the creation of branches in Europe, BNP Paribas Factor is becoming a major player and can support you in your international development.

Whether in Luxembourg or abroad, BNP Paribas Factor offers a single point of contact and an extended network to increase the quality of the management of your cash receipts and the follow-up and recovery of your international invoices.

- > Coverage across **14 countries**
- > An offering that is both **global** and **personalised**
- > **Expertise** in local practices
- > A **centralised approach** with global reporting



Source: ASF (Association Française des sociétés Financières) and GFCC (Global Factoring Competence Center)

If Factoring is a solution that interests you:

Your personal financial advisor at BGL BNP Paribas is available to offer you recommendations and to put you in contact with a factoring specialist.

This specialist will carry out an analysis of your invoicing process and the quality of your customers to determine the conditions and volume of turnover which can be transferred. As a next step, they will submit a proposal to you that includes:

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- > the details of the receivables transferable and underwritten by BNP Paribas Factor; per accepted customer, the amount and volume of the invoices taken over,
- > collateral that may be required by BNP Paribas Factor, as underwriting is not systematic since funding is covered by the receivables transferred,
- > details of fees: factoring fee (a percentage of the turnover transferred) and the financing fee (based on the amount of advances on funds actually provided).

Any signature of a factoring contract is subject to a review to be validated by a BNP Paribas Factor credit committee.



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