

# Factoring

Protect yourself against losses on accounts receivable and optimise your liquidity

Für Marketingzwecke

## Brief description

Factoring describes a process where a company sells all or some of its outstanding accounts receivable to a factor (factoring company) and receives an immediate advance payment in the amount of the receivables. Its customers' payment behaviour has no material impact. The company can also use this method to protect itself against debtor risk. In the event of the customer's financial default or bankruptcy, the amount due under the assigned receivable is secured. This enables a company to minimise risks in connection with expansion into new markets, and to build successful business relationships with new clients.

The flow of liquidity resulting from factoring means that a company can also pay its own bills more quickly and therefore benefit from discounts and rebates for cash payment. The company has greater financial flexibility, and is able to take advantage of current market opportunities and finance growth investments.

The supplementary liquidity generated by factoring generally also reduces short-term borrowed capital. This is reflected in a balance sheet reduction and therefore an improvement in the capital ratio, which is a key factor when assessing solvency.

Based on the stable foundation provided by the Crédit Mutuel cooperative group, Bank CIC acts as a representative of Crédit Mutuel Factoring (CM Factoring) in Switzerland. CM Factoring is part of the Crédit Mutuel group and specialises in receivables management. Its dynamic approach makes it one of the main companies currently providing factoring services.

## Target clients

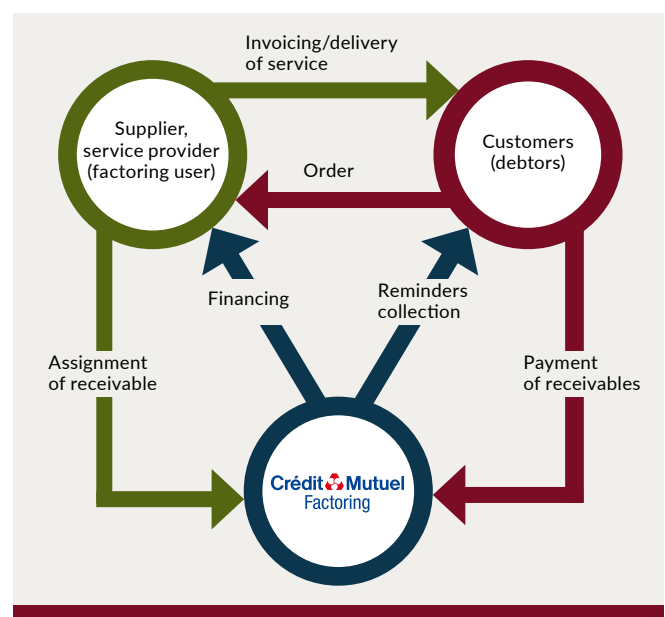
Factoring is suitable for companies domiciled in Switzerland that sell current accounts receivable prior to their maturity to a factoring company, in exchange for an advance payment in the amount of the invoices, in order to benefit from a cash injection.

## Your benefits

- **Guaranteed liquidity:** you benefit from stable cash flow in your company.
- **Reduction in payment periods:** you benefit from increased financial flexibility thanks to the immediate advance payment of the receivables amount.
- **Improved solvency:** thanks to the flow of liquidity into your business, you benefit from a better capital ratio and therefore improved solvency.
- **Expansion into new markets:** your risk is reduced when you enter into business with new clients. You can expand your business while minimising risks.
- **Improved receivables management:** you benefit from reduced risks in relation to new debtors and streamlined receivables management, depending on the type of factoring.
- **Growth opportunities:** increased financial flexibility gives you the necessary liquidity to invest during growth phases.

## How it works

Assignment of receivables to CM Factoring, which assumes responsibility for their collection and management and makes an advance payment in the amount of the receivables, even in the event of the debtor's temporary or permanent inability to pay. The factor may pay all or part of the assigned receivable.





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## Three types of factoring

Depending on the size and needs of your company, you can choose between three different types of factoring. These differ in terms of the scope of the factoring services provided.

### 1. Standard factoring: notified transaction

Standard factoring means the assigned debtors are notified of the assignment of receivables. Standard factoring includes financing, cover in the event of the default of the assigned debtors (by either the factor or the customer's credit insurer), and management of receivables.

The factor is generally responsible for recovery and collection of receivables. In some cases, recovery may be delegated to the customer via a recovery and/or reconciliation mandate.

### 2. Confidential factoring: non-notified and non-managed transactions

"Non-notified transactions" means that the assigned debtors are not informed of the assignment of receivables to CM Factoring, which means the transactions are confidential in nature.

"Non-managed transactions" means that customers collect and recover the receivables assigned to CM Factoring on the basis of a mandate granted by CM Factoring to the customers. Payments of receivables by the assigned debtors, which reimburse the advance payments made by CM Factoring, are made to the assignor company, which places the collections in a Bank CIC (Switzerland) account opened for this purpose in the client name with the heading "CM Factoring". The assets in this dedicated account are effectively assigned and pledged to CM Factoring.

Like the notified product, the confidential product includes financing, cover in the event of the default of the assigned debtors (by either the factor or the customer's credit insurer), and management of receivables.

### 3. Structured products

Structured products may take the form of a confidential product or notified product. They are aimed at international groups with branches in Switzerland and abroad and/or that want to implement a deconsolidating non-recourse programme for a specific period of time.

#### Offer

The factoring service is available to companies domiciled in Switzerland that generate turnover of over CHF 30 million.

#### Price and conditions

On request, following analysis of the information provided.

#### Product models

**Standard or notified factoring:** with standard factoring, the company may sell to CM Factoring, Paris la Défense Cedex, represented by Bank CIC, accounts receivable in Switzerland and abroad. This is an open factoring process in which the debtor is notified of the sale of receivables.

**Confidential factoring:** with confidential factoring, the company may sell to CM Factoring, Paris la Défense Cedex, represented by Bank CIC, accounts receivable in Switzerland and abroad. With this service, the debtor is not advised of the sale of receivables.

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