



# INTERNATIONAL REVERSE



**Eurofactor**  
CRÉDIT AGRICOLE GROUP

Intelligent commercial finance solutions

## Win-win Situation for Importer and Supplier

In the “reverse” factoring process the first contact of Eurofactor is not the supplier of goods or services but the importer, who has sufficient creditworthiness.

The idea is to improve the importers purchasing conditions by paying its liabilities against his foreign suppliers in a fast way.

It is as well an uncomplicated way to finance receivables on the supplier’s side and to secure his cash flow. Hence, both importer and supplier profit from this factoring concept.

Eurofactor is member of the two leading global factoring associations Factors Chain International (FCI) and International Factors Group (IFG). The members of each association cooperate within an international legal framework and via a common IT communication system.

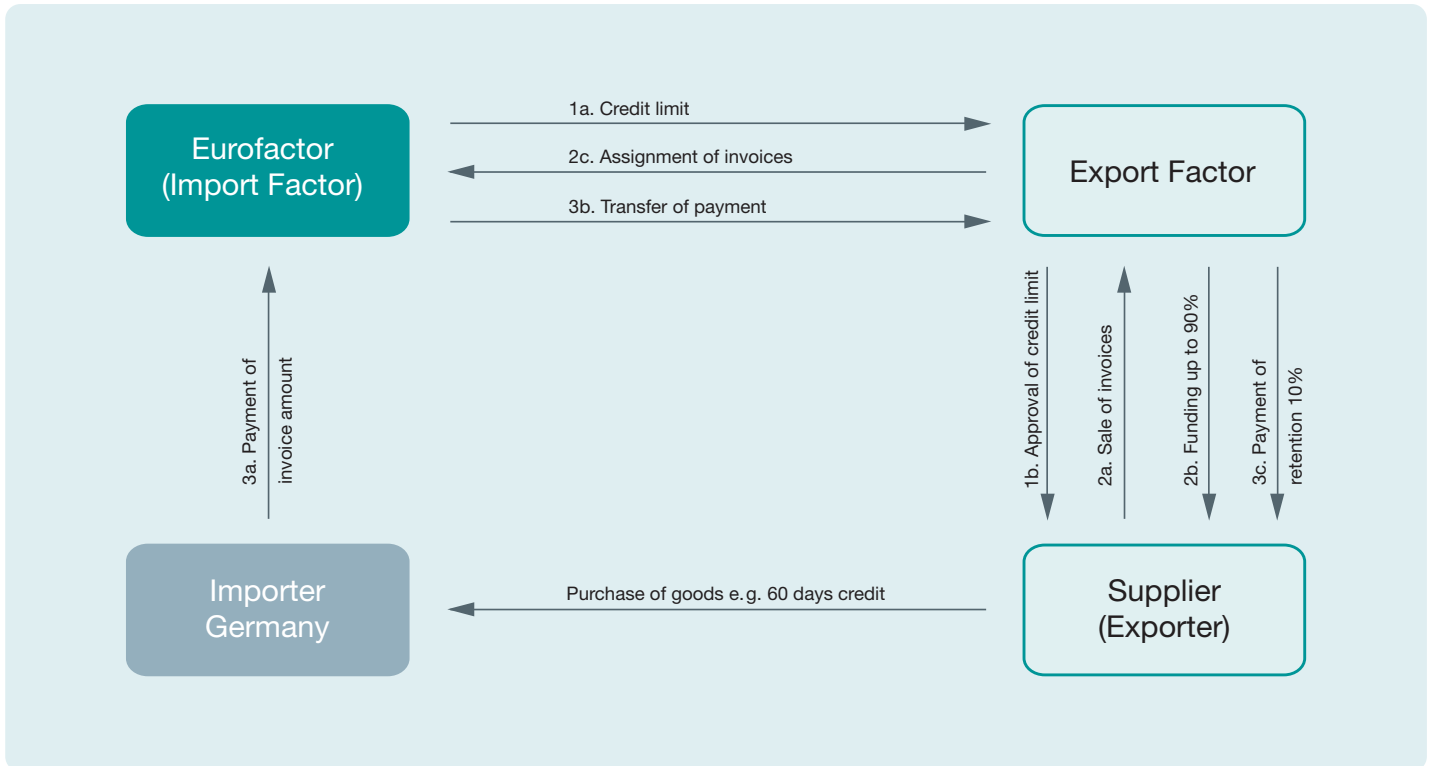
## Advantages for the importer

- No letter of credit (L/C) which blocks current credit line with his bank
- Cost savings and reduction of administrative burden caused by L/C
- Open account terms for the supplier payables
- Improvement of working capital ratio (WCR)
- Expansion of purchasing volume
- Development of new suppliers
- Increased loyalty of strategically important suppliers

## Advantages for the supplier

- Additional liquidity by funding of receivables
- Increased sales potential
- 100% protection against bad debts
- Lower financing costs due to sound solvency of importer
- Enforced relationship with large and creditworthy importer
- Improvement of balance sheet ratios by non-recourse financing of receivables

## How does it work?



The prerequisite of International Reverse Factoring is the purchase of goods or services by an importer that has

- sufficient creditworthiness,
- a diversified supplier-structure,
- and no corporate relations to its suppliers.

**1a.** The importer authorises Eurofactor to factor its liabilities against foreign suppliers. Eurofactor then assesses the creditworthiness of the importer up to a limit which covers the accounts payables. The importer presents the concept to its suppliers and Eurofactor informs the respective local export factor to negotiate a factoring contract with interested suppliers based on the approved importer's credit line.

**1b.** After the export factor is informed about the credit coverage by Eurofactor, he can send the approved credit limit to the interested suppliers and sign factoring contracts with them. The exporter is protected against bad debts to 100 percent within the approved credit limit by the export factor.

**2a.** The supplier sells his receivables against the respective importer to his local export factor.

**2b.** The export factor normally pays 90% of the invoice amount immediately to the supplier. 10% are kept as retention for possible payment deductions of the debtor.

**2c.** The export factor then assigns the purchased receivables to Eurofactor, who is acting as import factor.

**3a.** The importer pays the full invoice amount on the due date of the invoice to Eurofactor.

**3b.** Eurofactor transfers the payment (reduced by possible invoice deductions of the importer) to the export factor.

**3c.** The export factor then pays the remaining retention of 10% to the supplier (reduced by the factoring fees and possible deductions).

In case of the importer's inability to pay the outstanding receivables, the import factor is obliged to pay the remaining 10% of the invoice amount (90% have already been paid in advance) 120 days after due date of the invoice.